LOG EXPORT RESTRICTIONS
PORTLAND, OREGON

HEARING

BEFORE THE

SUBCOMMITTEE ON INTERNATIONAL FINANCE

OF THE

COMMITTEE ON
BANKING, HOUSING AND URBAN AFFAIRS
UNITED STATES SENATE

NINETY-THIRD CONGRESS

FIRST SESSION

ON

LEGISLATION RELATING TO FURTHER RESTRICTIONS ON THE EXPORT OF UNPROCESSED LOGS

APRIL 11, 1973—PORTLAND, OREG.

Printed for the use of the
Committee on Banking, Housing and Urban Affairs

U.S. GOVERNMENT PRINTING OFFICE
94-724 O WASHINGTON : 1973

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LOG EXPORT RESTRICTIONS

WEDNESDAY, APRIL 11, 1973

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS,
SUBCOMMITTEE ON INTERNATIONAL FINANCE,
Portland, Oreg.

Senator PACKWOOD. Ladies and gentlemen, let me give you the ground rules for today. As you are well aware, we have at the moment 56 witnesses scheduled to testify today, so it is my intention to start now; whether or not we take a break midway through the morning depends on the tenor of the audience, and the patience of those who are listening, but if we don't take a break, we'll meet again at 2 p.m., and probably go until 5 or 5:30 p.m., and come back here at 7 p.m. We're going to finish tonight, because we're leaving tomorrow for San Francisco to continue the hearings there. The witnesses are listed or posted in the back of this room if you want to know who is going to testify. There's a corrected list, and we'll follow that as closely as possible to the extent that if any significant government official comes we will try to work him in at his convenience. Other than that, we will stick very close to the order of the witness list.

Now, with 56 witnesses, I'm going to have to do what I did in Salem a year ago, and limit opening statements, as you've all been told, to about 5 minutes, and give some time for questions and answers. For those of you who are cut off, don't take it personally, but everybody is here and everybody should have a chance to testify and get their statement on the record.

Sitting next to me is Ed Kemp, who is a member of the staff of the Banking, Housing and Urban Affairs Committee, and has followed the subject for almost a year with us including the hearing in Salem last year. I think he has met with most of the witnesses who are going to testify today. He will be available next Friday in San Francisco, and be back with the Committee when we get back Friday night or Saturday morning.

For those witnesses who haven't given their statements to us yet, please do so when you come up to testify. I know that the news media would appreciate copies of your statement. They are sitting at the front tables on either side here. You see the tables by the television, and if you have extra copies of your statement they would appreciate it, Ed says, after we get two copies here.

Let me tell you some of the things that the committee is concerned with. The committee has talked about this problem a fair amount; in addition to the two hearings we had in Salem last year, we had 2 days of hearings in Washington, where the subject was high prices

of lumber in general, a fair portion of each day of those hearings was devoted to the subject of log exports. And the question that kept coming up was the question that the committee members are still asking and want answers. If you want to direct your testimony toward that, I think the committee would find it, perhaps, of more interest than some other. One is jobs, the question being if we restrict log exports are we going to reduce more jobs by refusing exports than we're going to gain by manufacturing lumber here, assuming there is capacity to do so. This brings us to the second question: That of productive capacity in the industry. There's a serious argument made that there is not the productive capacity, and if we were to restrict log exports, the logs couldn't be milled here anyway, because the mills are working at full capacity. That's a question the committee is interested in answering.

Balance of payments. Depending upon which figures you look at, it would appear that last year we sold about $392 million worth of logs to Japan, and brought about $738 million worth of lumber from Canada. If we were to restrict exports, is it a natural corollary to reduce imports somewhat? If we were to reduce imports, would it have a more favorable effect on the balance of payments. Would we gain more by cutting off the exports in exchange for what we gain by reducing these imports. The committee is interested in that.

Last, while I will let the witnesses go on a bit, I would hope we can avoid too much harsh criticism or laudatory praise of the forestry practices of private companies, and the Forest Service or the Bureau of Land Management. As I indicated last summer in Salem, this is not a hearing per se on conservation, and the excellent way the timber companies manage their lands as opposed to the Forest Service or vice versa. Further, the committee is not interested in hearing, at this point, too much more testimony about how underfinanced the Forest Service is. The Banking, Housing and Urban Affairs Committee generally agrees that that is a problem. The committee will do anything possible and helpful to try to get increased appropriations for the Forest Service, for roads and trails, and for forest management. Witnesses have testified that this is the answer to the problem. Almost all of them that have testified that way indicate that it's a long term answer to the problem; not a short term answer over the next 2 to 5 years. But bear in mind that most of the members of this committee share the sentiment of those people who say that the Forest Service should indeed have more money on a more consistent basis for their operations. It would give them some continuity and ability to plan. So, you don't need to dwell at length on that aspect of the problem. With that we all agree. For the record, let us insert copies of the relevant bills at this point in the record.

[Copies of the bills and an amendment follow:]

93D CONGRESS
1ST SESSION

S. 1033

IN THE SENATE OF THE UNITED STATES

FEBRUARY 28, 1973

Mr. PACKWOOD (for himself, Mr. CHURCH, and Mr. CRANSTON) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing and Urban Affairs

A BILL

To amend the Export Administration Act of 1969 (50 App. U.S.C. 2401–2413) as amended, to control the export of timber from the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Export Administration Act of 1969 (50 App.
4 U.S.C. 2401–2413), as amended, is further amended by—
5 (a) inserting immediately before section 1 the fol-
6 lowing:
7 "TITLE I—GENERAL PROVISIONS";
8 (b) redesignating sections 1 through 14, and all
9 cross references thereto, as sections 101 through 114,
10 respectively;

★(Star Print)

1 (c) striking "this Act" wherever it appears in
2 sections 101 through 114 (as redesignated by subsec-
3 tion (b)) and inserting "this title"; and
4 (d) striking "This Act" in section 113(a) (as
5 redesignated) and inserting "This title".
6 SEC. 2. The Export Administration Act of 1969, as
7 amended, is further amended by adding at the end thereof
8 the following new title:
9 "TITLE II—TIMBER EXPORT CONTROLS
10 "SEC. 201. This title may be cited as the 'Timber Export
11 Administration Act of 1973'.
12 "SEC. 202. It is the finding of the Congress that
13 the substantial increase in recent years in the rate of
14 export to foreign countries of coniferous timber is creating
15 a severe domestic shortage of softwood lumber and plywood;
16 is impairing the stability of many communities in the United
17 States that are economically and socially dependent upon
18 the processing of coniferous timber into various wood prod-
19 ucts; is threatening to cause serious unemployment in the
20 affected areas of the United States; has caused the elimina-
21 tion of some and threatens the survival of many other small
22 business concerns; and has caused impairment and threatens
23 further impairment of the industrial capacity of the United
24 States to produce wood products that are vital to the domestic
25 economy and essential to the national defense and security.

1 "SEC. 203. Congress declares that it is the policy of the
2 United States to alleviate the harmful effects of the excessive
3 exportation of coniferous timber by limiting the volumes
4 thereof that may be exported from the United States.

5 "SEC. 204. (a) Except as provided in subsections (b)
6 and (c) of this section, timber from any Federal lands shall
7 not be exported from the United States on or after Jan-
8 uary 1, 1974, and timber from any non-Federal lands shall
9 not be exported from the United States on or after
10 January 1, 1977.

11 "(b) (i) On or after January 1, 1974, the Secretary
12 may after public hearings determine that specific quan-
13 tities of timber from Federal or non-Federal lands are sur-
14 plus to the needs of domestic users and processors, and may
15 issue a permit authorizing the export of any such timber.

16 "(ii) The Secretary shall issue a permit only upon the
17 application of the person in control of the use or disposition
18 of such timber if the Secretary finds that such timber is cur-
19 rently in log form and that there is currently no reasonable
20 market therefor within those areas of the United States to
21 which it could be economically transported for processing. In
22 arriving at such findings with respect to a reasonable market,
23 the Secretary shall take into account, among other things—

24 "(A) the fair value for domestic use of the timber

1 in the form in which and at the place at which it exists
2 as determined by the Secretary of Agriculture; and
3 "(B) whether the applicant has attempted in good
4 faith but unsuccessfully to sell the timber involved at not
5 more than such fair value to persons that are customarily
6 engaged in the processing of timber of the type involved
7 at facilities within economic transportation distance of
8 the current situs of such timber.
9 "(iii) The Secretary shall through regulation designate
10 at least one day in each month on which he will receive
11 written or oral testimony from permit applicants, and other
12 interested persons, relevant to the findings required under
13 paragraph (ii) of this subsection. To provide for public
14 notice of pending applications, testimony will be received on
15 only those applications delivered to the Secretary at least ten
16 days prior to the designated date. After receipt and con-
17 sideration of the testimony, the Secretary shall within five
18 days, Saturdays, Sundays, and legal holidays being ex-
19 cluded, approve or disapprove such applications. Concur-
20 rent with his action the Secretary shall issue a concise
21 public statement stating his reasons therefor.
22 "(c) Timber cut from Federal lands that has been ex-
23 empted from domestic processing under the provisions of
24 any Federal timber sale contract awarded prior to March 1,
25 1973, is exempted from the export restrictions of this title:

1 *Provided,* That no such timber shall be exported unless the
2 exporter of said timber obtains a permit from the Secretary.
3 The Secretary shall include in said permit such conditions as
4 he determines are necessary to maintain the identity of the
5 timber to be exported.

6 "SEC. 205. (a) On or before November 1, 1973, any
7 exporter which exported timber from non-Federal lands dur-
8 ing calendar year 1972 shall file with the Secretary a report,
9 in such form as he may require, stating the quantity of timber
10 exported during calendar year 1972. The Secretary shall,
11 with the exception contained in subsection (b) of this sec-
12 tion, use reported quantities as the base for determining ex-
13 port quotas for each exporter under subsection (c) of this
14 section. Any individual, corporation, association, firm, or
15 other legal entity which did not export timber during calen-
16 dar year 1972, or which fails to report timber exports made
17 during such period, shall be ineligible to export timber under
18 the provisions of this section.

19 "(b) (i) On or before February 1, 1974, any exporter
20 which exported timber from non-Federal lands during calen-
21 dar year 1973, shall file with the Secretary a report, in such
22 form as he may require, stating the quantity of timber ex-
23 ported during calendar year 1973.

24 "(ii) If the quantity of such timber exported by any ex-

1 porter during calendar year 1973 is in excess of the quantity
2 exported by such exporter during calendar year 1972, such
3 excess quantity shall be subtracted from the quantity ex-
4 ported during calendar year 1972 and that quantity derived
5 after such subtraction shall be the base for determining export
6 quotas for such exporter under subsection (c) of this section.
7 "(c) Effective on January 1, 1974, and continuing
8 through December 31, 1976, the quantity of timber, other
9 than surplus timber, that may be exported from non-Federal
10 lands by an exporter who has filed reports in compliance
11 with subsections (a) and (b) of this section, shall not
12 exceed a quantity as established by quota to be determined
13 in accordance with the following formula:

"Calendar year 1974	75 per centum of that exporter's base.
"Calendar year 1975	50 per centum of that exporter's base.
"Calendar year 1976	25 per centum of that exporter's base.

14 Sixty days after the end of each calendar year every ex-
15 porter which exported timber during the calendar year shall
16 file with the Secretary a report, in such form as he may
17 require, stating the quantities exported under this subsection
18 and the sources thereof, and in addition shall file a report
19 of the quantities exported under subsections 204 (b) and
20 204 (c) of this title and the sources thereof.
21 "SEC. 206. Whoever exports timber after January 1,
22 1974, shall permit access to related books, records, and ac-
23 counts, and their log storage areas by the Secretary.

1 "SEC. 207. Whoever knowingly and wilfully exports
2 any timber in violation of this title, or knowingly and frandu-
3 lently files a false report, or fails to permit the Secretary
4 access to his books, records, and accounts, and his log stor-
5 age areas shall be fined not more than $10,000 or impris-
6 oned for not more than one year or both for each such
7 violation and shall not thereafter be permitted to export
8 timber for a period of five years.

9 "SEC. 208. As used in this title—

10 "(a) The term 'timber' means unprocessed coniferous
11 timber: *Provided,* That for the purposes of this title, un-
12 processed timber consists of—

13 "(i) any logs, such as saw logs, peeler logs, and
14 pulp logs;

15 "(ii) cants, squares, and lumber exceeding four
16 and one-half inches in thickness; and

17 "(iii) split or round bolts, or other round wood not
18 processed to standards and specifications suitable for
19 end product use.

20 "(b) The term 'Secretary' means the Secretary of
21 Commerce.

22 "(c) The term 'exporter' means any individual, corpo-
23 ration, association, firm, or other legal entity which sold
24 timber under such terms that the seller delivered the timber
25 either—

1 "(i) on board a truck or railroad car; or

2 "(ii) alongside a vessel in a manner usual in the
3 port involved or on a dock designated and provided
4 by the buyer

5 in such circumstances that the seller at that time reason-
6 ably believed that the timber so delivered would, in accord-
7 ance with orders given by the buyer directly to the carrier,
8 be transported by such truck, railroad car, or vessel to a
9 foreign destination.

10 "(d) The term 'United States' means the fifty States,
11 and territories, possessions, and trust territories of the United
12 States.

13 "SEC. 209. The Secretary is authorized to issue such
14 regulations as may be necessary to carry out the purposes
15 of this title."

93d CONGRESS
1st Session

S. 1033

IN THE SENATE OF THE UNITED STATES

April 16, 1973

Referred to the Committee on Banking, Housing and Urban Affairs and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. PACKWOOD to S. 1033, a bill to amend the Export Administration Act of 1969 (50 App. U.S.C. 2401-2413) as amended, to control the export of timber from the United States, viz:

1 On page 3, beginning on line 5, strike out all through
2 line 10 and insert in lieu thereof the following:
3 "SEC. 204. (a) Except as provided in subsections (b)
4 and (c) of this section, timber from any Federal lands shall
5 not be exported from the United States upon enactment of
6 this title, and timber from any non-Federal lands shall not
7 be exported from the United States on or after July 1,
8 1976.".
9 On page 3, line 11, strike out "On or after January 1,

1 1974" and insert in lieu thereof "Upon enactment of this
2 title".

3 On page 5, line 6, strike out "On or before November 1,
4 1973," and insert in lieu thereof "No later than thirty days
5 after enactment of this title".

6 On page 5, beginning after the word "shall" on line 10.
7 strike out all through the comma on line 12.

8 On page 5, line 13, strike out "(c)" and insert in lieu
9 thereof "(b)".

10 Beginning on page 5, line 19, strike out all through
11 page 6, line 6.

12 On page 6, beginning on line 7, strike out all through
13 line 20, and insert in lieu thereof the following:

14 "(b) Effective on July 1, 1973, and continuing through
15 June 30, 1976, the quantity of timber, other than surplus
16 timber, that may be exported from non-Federal lands by an
17 exporter who has filed a report in compliance with sub-
18 section (a) of this section, shall not exceed a quantity as
19 established by quota to be determined in accordance with the
20 following formula:

"Fiscal year 1974	75 per centum of that exporter's base.
"Fiscal year 1975	50 per centum of that exporter's base.
"Fiscal year 1976	25 per centum of that exporter's base.

21 "(c) Sixty days after the end of each fiscal year every
22 exporter which exported timber during the fiscal year shall
23 file with the Secretary a report, in such form as he may re-

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1 quire, stating the quantities exported under the provisions of
2 subsection (b) of this section and the sources thereof; and in
3 addition shall file a report of the quantities exported under
4 subsections 204 (b) and 204 (c) of this title and the sources
5 thereof.".

6 On page 6, beginning on line 21, strike out "January 1,
7 1974," and insert in lieu thereof "enactment of this title".

8 On page 8, after line 12, insert the following new sub-
9 section: "(e) The term 'fiscal year' shall have the same
10 meaning as when it is used in appropriations Acts of the
11 Congress of the United States.".

12 At the end of the bill, add a new section as follows:
13 "SEC. 210. Section 401 of Public Law 90-554 (16
14 U.S.C. 617) as amended is hereby repealed."

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93d CONGRESS
1st Session

S. 1507

IN THE SENATE OF THE UNITED STATES

APRIL 10, 1973

Mr. GURNEY introduced the following bill; which was read twice and referred to the Committee on Banking, Housing and Urban Affairs

A BILL

To amend the Export Administration Act of 1969 to manage the export of timber from the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Export Administration Act of 1969 is amended
4 by—
5 (1) inserting before section 1 the following:
6 "TITLE I—GENERAL PROVISIONS";
7 (2) redesignating sections 1 through 14, and all
8 cross references thereto, as sections 101 through 114,
9 respectively;
10 (3) striking "this Act" wherever it appears in sec-

1 tions 101 through 114 (as redesignated by subsection
2 (b)) and inserting in lieu thereof "this title";
3 (4) striking "This Act" in section 113 (a) (as re-
4 designated) and inserting "This title"; and
5 (5) by adding at the end thereof the following new
6 title:
7 "TITLE II—TIMBER EXPORT MANAGEMENT
8 "SEC. 201. This title may be cited as the 'Timber Export
9 Management Act of 1973'.
10 "FINDINGS
11 "SEC. 202. The Congress finds that—
12 "(1) it is the interest of the people of the United
13 States that there be an adequate supply of forest prod-
14 ucts continuously available for their use;
15 "(2) the United States is abundantly blessed with
16 land capable of growing forests that can produce the
17 range of values that the living forest provides for man's
18 economic, social, and spiritual well-being;
19 "(3) during the past century and in this century,
20 the forest lands of the United States have been viewed
21 as a limitless resource;
22 "(4) these forests were subjected to heavy cutting
23 and a low level of management and protection;
24 "(5) there are still significant opportunities and

1 needs to further intensify and improve the management
2 of both private and public forests;
3 "(6) there are still substantial forest areas that
4 have not been restored to their optimum level of eco-
5 nomic and environmental utility;
6 "(7) it is both feasible and wise to sustain the
7 flow of benefits from the forests;
8 "(8) on larger private and public forests it is
9 practical to maintain a continuous annual flow of forest
10 products, while on smaller forest units the flow of prod-
11 ucts may be intermittent yet under a high order of
12 forest stewardship, all to the end that the total amount
13 of forest products and other benefits regionally and na-
14 tionally will be sustained and amplified in future decades;
15 "(9) to help attain these goals the wastage of por-
16 tions of the bole of each tree cut should be kept at as low
17 a level as possible and all reasonable efforts to secure the
18 full utilization of the tree bole should be encouraged to
19 secure the economic and environmental benefits of our
20 forest resources;
21 "(10) the United States has become a substantial
22 importer of softwood logs and products, principally from
23 Canada, and we also import certain hardwoods indige-
24 nous to the United States;

1 "(11) the importation of logs and forest products
2 from other nations should be encouraged provided this
3 trade does not exploit another nation's forest resources to
4 their disadvantage;
5 "(12) the United States has, especially in the past
6 decade, become a substantial exporter of softwood logs;
7 and
8 "(13) there is concern that unless this trade is prop-
9 erly managed it will contribute to supply instability, rises
10 in the cost of forest products, and depletion of the forest
11 resources of the United States in a manner disadvan-
12 tageous to the national need and interest.
13 "EXPORT CONTROL AUTHORITY
14 "SEC. 203. (a) The Secretary of Commerce (herein-
15 after referred to as the 'Secretary') shall manage the export
16 of softwood from the United States by limiting the volume of
17 board feet of softwood exports in accordance with the pro-
18 visions of this section. As used in this section, the term
19 'softwood' means categories or classifications of timber and
20 timber products which are generally used for domestic pur-
21 poses, as determined by the Secretary.
22 "(b) During each month of calendar year 1973 after
23 the date of enactment of this title, the Secretary shall limit
24 the volume of exports of softwood to a level not to exceed
25 22 per centum of one-twelfth of the average annual level of

1 imports of softwood during the two preceding calendar years.
2 "(c) During calendar years beginning after 1973, the
3 Secretary shall limit the volume of exports of softwood as
4 follows:
5 "(1) For calendar year 1974, the level of such ex-
6 ports shall be limited to not more than 22 per centum
7 of the level of imports of softwood during calendar year
8 1973.
9 "(2) Beginning on January 1, 1975, the Secretary
10 shall limit exports for each successive six-month period
11 beginning on or after such date to not more than 22
12 per centum but not less than 10 per centum of his
13 estimate of the level of imports during such period
14 which would be required, when added to domestic pro-
15 duction during such period, to meet domestic softwood
16 demand during that period.
17 For the purpose of paragraph (2), the Secretary shall make
18 his estimates of import levels not later than June 1 and
19 December 1 of each year for the respective succeeding six-
20 month periods, and on the basis of such estimates, he shall
21 allocate export authority for the succeeding six-month period
22 among applicants for the authority to export softwood on
23 a ratable basis.
24 "(d) Notwithstanding any other provision of this sec-
25 tion, the Secretary shall permit exports in excess of levels

1 referred to in subsection (b) or (c) when he determines—

2 "(1) that the average domestic market price for

3 softwood during any six-month period, does not exceed

4 115 per centum of the average annual price of softwood

5 during calendar year 1967; or

6 "(2) that foreign demand for domestic softwood will

7 not unreasonably distort the domestic price for softwood;

8 unless either House of Congress passes a resolution stating

9 in substance that such House does not approve of such

10 suspension.

11 "(e) The Secretary is authorized to prescribe such rules

12 and regulations as may be necessary to carry out his functions

13 under this title, including such rules of procedure as he deter-

14 mines to be necessary to insure the equitable allocation of

15 export authority within the limits set forth herein.

16 "(f) The provisions of section 104(e) of the Export

17 Administration Act of 1969 do not apply to the Secretary's

18 functions under this section.

19 "ACCESS TO RECORDS

20 "SEC. 204. Any person who exports softwood during

21 the two years prior to the date of enactment of this title or

22 who applies for the authority under this title to export soft-

23 wood, shall permit access to related books, records, and ac-

24 counts, and softwood storage areas by the Secretary.

1 "PENALTY

2 "SEC. 205. Whoever knowingly and willfully exports any
3 softwood in violation of this title, or in violation of any rule
4 or regulation hereunder, or knowingly and fraudulently files
5 a false report, or fails to permit the Secretary access to his
6 books, records, and accounts, and softwood storage areas shall
7 be fined not more than $10,000 or imprisoned for not more
8 than one year or both for each such violation and shall not
9 thereafter be permitted to export softwood for a period of not
10 to exceed five years.

11 "FEES

12 "SEC. 206. The Secretary is authorized to charge reason-
13 able fees to those engaged in the export of softwood or seek-
14 ing to export softwood, to defray the cost of processing and
15 approving applications and carrying out his functions under
16 this title. In any case where it appears to the satisfaction of
17 the Secretary that any person has made a payment under this
18 title which is not required, or has made a payment in excess
19 of the amount required, the Secretary may, upon application
20 or otherwise, cause a refund to be made. Moneys received
21 hereunder shall be credited to a separate account in the Treas-
22 ury, and are hereby appropriated and made available until
23 expended, as the Secretary may direct, for payment of ex-
24 penses incident to his function under this title and for refunds
25 as provided herein.

1 "AUTHORIZATION

2 "SEC. 207. There are hereby authorized to be appro-
3 priated such sums as may be necessary to carry out the pur-
4 poses of this title."

93d CONGRESS
1st Session

S. 1775

IN THE SENATE OF THE UNITED STATES

MAY 10, 1973

Mr. SPARKMAN (for himself and Mr. TOWER) introduced the following bill; which was read twice and, by unanimous consent, referred to the Committee on Banking, Housing and Urban Affairs, and that when and if reported it be referred to the Committee on Agriculture and Forestry

A BILL

To provide the homebuilding and construction industries with the increased production of wood materials necessary to achieve the housing goals established by the Housing Act of 1949 and the Housing Act of 1968; to assure that this increased production is accompanied by a more balanced and efficient development of the national forest system and privately owned forest lands through establishment of a forest lands planning and investment fund; to regulate and control the export of timber from the United States; to amend the Export Administration Act of 1969 to establish a technical advisory committee to develop forecast indexes of domestic supply and demand for certain commodities to help assure

II

that these commodities will not be in short supply; and for other purposes.

3 *Be it enacted by the Senate and House of Representa-*
4 *tives of the United States of America in Congress assembled.*
5 That this Act may be cited as the "Wood Supply and Na-
6 tional Forest Lands Investment Act of 1973".

7 STATEMENT OF FINDINGS

8 SEC. 2. (a) The Congress hereby finds that housing
9 and general construction create a major demand upon avail-
10 able timber supplies in the United States because lumber,
11 plywood, and other wood products form the basic materials
12 in the construction of most housing and are important ingre-
13 dients in almost all construction; that to meet the housing
14 goals established by the Housing Act of 1949 and the Hous-
15 ing Act of 1968 there will continue to be high levels of de-
16 mand for wood products, which will be difficult if not im-
17 possible to meet unless available timber supplies in the Na-
18 tion are substantially expanded; that shortages in raw
19 material supplies have caused inflationary impacts on the
20 prices of lumber, plywood, and other wood materials in the
21 face of rising production levels of housing and construction,
22 and that an orderly, substantial increase in the supply of
23 timber is both possible and desirable in the years ahead.

24 (b) The Congress finds that in order to meet increasing
25 national demands for lumber and related wood products, in-

1 cluding that needed for homebuilding construction and gen-
2 eral construction, it is necessary to provide for an orderly,
3 substantial increase in the timber yield from the commercial
4 forest lands of the Nation, including that in the national for-
5 ests; and that through intensified development and manage-
6 ment such land is capable of producing a substantially in-
7 creased yield.

8 (c) The Congress finds that the national forests are the
9 source of a substantial part of the present and future supply
10 of timber; that the national forest system and the Nation's
11 private forest lands can be developed in a manner consonant
12 with the full protection of environmental values to meet the
13 increasing demand for timber and other forest products, out-
14 door recreation, water supply, forage, fish and wildlife habitat,
15 and that this intensified development and management can
16 also result in an increase in the forest resources of the Nation.

17 (d) The Congress finds that to achieve these goals of
18 improved management of our forests requires an assured
19 source of adequate funds and that this is necessary and de-
20 sirable in order to provide for basic forestry investments on
21 the Nation's private forest lands and for intensified develop-
22 ment and protection of the national forest system lands and
23 resources to assure greater resource yields and opportunities,
24 and that this can be done in accordance with the policies and
25 principles of the Organic Act of June 4, 1897 (30 Stat. 35;

1 16 U.S.C. 475), the Multiple-Use Sustained-Yield Act of
2 1960 (74 Stat. 215; 16 U.S.C. 528–531), and the Na-
3 tional Environmental Policy Act of 1969 (83 Stat. 852).
4 (e) The Congress finds that a substantial timber export
5 market has developed in some of the Nation's major timber
6 and lumber producing areas.
7 (f) The Congress finds that because of variations in the
8 extremely complex factors which include, but are not limited
9 to, timber inventories, lumber production capacity, and
10 transportation costs, within and between the various geo-
11 graphic timber exporting areas, the impact of these exports
12 on the domestic supply varies from region to region.
13 (g) The Congress finds that in addition to their vary-
14 ing impacts on different geographic producing areas, timber
15 exports are an important item in this Nation's world trade
16 and are an important factor in the beneficial import of cer-
17 tain wood products in this Nation.
18 (h) The Congress finds that because of the various
19 complex and interrelated impacts of timber exports, it is
20 necessary to establish within the Government a mechanism
21 to monitor the supply and demand of timber and other
22 commodities, as well as various other factors, in order for the
23 Government to intelligently exercise its authority to regulate
24 exports from this Nation.

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1 FOREST LANDS PLANNING AND INVESTMENT FUND

2 SEC. 3. There is hereby established in the Treasury of
3 the United States a forecast lands planning and investment
4 fund, hereinafter referred to as the "fund". Except as here-
5 inafter provided, beginning July 1, 1973, there shall be
6 credited to the fund all receipts from the sale of forest prod-
7 ucts and from any other source of revenue from the national
8 forests and other lands administered by the Forest Service:
9 *Provided, however,* That the foregoing shall not modify
10 or repeal any provisions of law other than those provisions
11 of law specifically repealed by this Act that authorize or
12 direct that deposits in connection with or receipts from the
13 sale of timber and from any other source of revenue from
14 the national forest system be used for a specific purpose,
15 and such deposits and receipts shall continue to be utilized
16 for the purposes so specified by law and shall not be de-
17 posited into the forest lands planning and investment fund.

18 APPROPRIATIONS

19 SEC. 4. Moneys credited to the fund shall be available
20 for expenditure for the purposes of this Act only when
21 appropriated therefor. Such moneys as may be appropriated
22 shall be available until expended and shall be in addition to
23 any appropriations otherwise made for such purposes or
24 for other purposes related to the national forest system or

1 for forestry assistance to States and private forest land-
2 owners. Any money credited to the fund and not subse-
3 quently authorized for expenditure by the Congress within
4 five fiscal years following the fiscal year in which such
5 money was credited to the fund shall be transferred to the
6 miscellaneous receipts of the Treasury.

7 USE OF FUND

8 SEC. 5. Moneys appropriated from the fund shall be
9 allocated in each fiscal year for expenditure by the Secretary
10 of Agriculture in such proportions and in such locations as
11 he determines to be appropriate for the following purposes:
12 (a) (1) Planning and inventories needed for the preser-
13 vation, use, or development of national forest system
14 resources, and
15 (2) Capital or basic investments made for furthering
16 sustained yield resource management programs or for
17 enhancing long-term public use of national forest resources.
18 Such expenditures shall not include annual or short-term
19 maintenance or normal operating expenditures, or construc-
20 tion of forest roads and trails, and may include but not be
21 limited to the following categories of activity or investment:
22 (A) reforestation and stand improvement;
23 (B) nursery development;
24 (C) tree improvement;

1 (D) recreation construction and construction to
2 facilitate visitor education and interpretive services;
3 (E) water resource development construction;
4 (F) construction projects for fire protection and
5 general administration;
6 (G) pollution abatement;
7 (H) wildlife habitat improvement;
8 (I) range revegetation and improvement;
9 (J) fuel modification;
10 (K) watershed restoration and improvement;
11 (L) land status and landline location;
12 (M) land classification; and
13 (N) geometronics.
14 Money allocated to any unit of the national forest system
15 under this section shall be used in conformity with the pro-
16 visions of the Act of June 4, 1897 (30 Stat. 35; 16 U.S.C.
17 475), the Multiple-Use Sustained-Yield Act of June 12,
18 1960 (74 Stat. 215; 16 U.S.C. 528–31), and the National
19 Environmental Policy Act of 1969 (83 Stat. 852; 42 U.S.C.
20 4331–4335).
21 (b) Financial or technical assistance to States or private
22 forest landowners in accord with such forestry assistance
23 programs as the Secretary of Agriculture is authorized to
24 undertake under other provisions of law: *Provided*, That no

1 more than $25,000,000 annually shall be available from the
2 fund to carry out such purposes.

3 CONTROL OF EXPORTS

4 SEC. 6. (a) Except as provided herein, beginning July
5 1, 1973, no unprocessed timber of species and grades gen-
6 erally used for domestic manufacture of construction lumber
7 or plywood from Federal lands located west of the one hun-
8 dredth meridian shall be exported from the United States.

9 (b) This restriction does not apply to Federal timber
10 exported pursuant to contracts entered into prior to May 10,
11 1973.

12 (c) After public hearing and a finding by the appro-
13 priate Secretary of the Department administering Federal
14 lands referred to in subsection (a) of this section that spe-
15 cific quantities, grades, and species of unprocessed timber are
16 surplus to the needs of domestic users and processors, such
17 quantities, grades, and species may be designated by such
18 Secretary as available for export from the United States. The
19 appropriate Secretaries may, in their discretion, issue regula-
20 tions to exclude from the limitations imposed by this section
21 sales having an appraised value of less than $2,000 or timber
22 which does not meet the utilization specifications of the Fed-
23 eral timber sale contract from which it originated.

24 (d) The Secretaries of the Departments administering
25 lands referred to in subsection (a) of this section shall issue

1 rules and regulations to carry out the purposes of this sec-
2 tion, including the prevention of substitution of timber
3 restricted from export by this section for exported timber
4 harvested on non-Federal lands other than lands adminis-
5 tered by any State or the Bureau of Indian Affairs unless
6 such timber from non-Federal lands is of a grade or species
7 that has been declared surplus under subsection (c).
8 (e) Any person, individual, partnership, corporation,
9 or association, who willfully and knowingly violates the pro-
10 visions of this Act shall be fined not more than $5,000 or
11 imprisoned not more than five years, or both.

12 EXPORT ADMINISTRATION ADVISORY COMMITTEES

13 SEC. 7. (a) Section 4 of the Export Administration Act
14 of 1969 is amended by adding at the end thereof the follow-
15 ing new subsection:

16 "(f) The Secretary of Commerce, in consultation with
17 appropriate United States Government departments and
18 agencies and any appropriate technical advisory committee
19 established under section 5(c)(2), shall undertake an in-
20 vestigation to determine which materials or commodities
21 shall be subject to export controls because of the present
22 or prospective domestic inflationary impact or short sup-
23 ply of such material or commodity in the absence of any
24 such export control. The Secretary shall develop forecast
25 indexes of the domestic demand for such materials and com-

1 modities to help assure their availability on a priority basis
2 to domestic users at stable prices."
3 (b) Section 5(c) of such Act is amended by redesig-
4 nating paragraphs (2), (3), and (4) as paragraphs (3),
5 (4), and (5), respectively, and—
6 (1) by inserting immediately after paragraph (1)
7 the following new paragraph:
8 "(2) Upon written request by representatives of a sub-
9 stantial segment of any industry which processes materials
10 or commodities which are subject to export controls or are
11 being considered for such controls because of the present or
12 prospective domestic inflationary impact or short supply of
13 such materials or commodities in the absence of any such
14 export controls, the Secretary of Commerce shall appoint a
15 technical advisory committee for any grouping of such ma-
16 terials or commodities to evaluate technical matters, licens-
17 ing procedures, worldwide availability, and actual use of
18 domestic production facilities and technology. Each such
19 committee shall consist of representatives of United States
20 industry and government. No person serving on any such
21 committee who is representative of industry shall serve on
22 such committee for more than two consecutive years. Noth-
23 ing in this subsection shall prevent the Secretary from con-
24 sulting, at any time, with any person representing industry
25 or the general public regardless of whether such person is

1 a member of a technical advisory committee. Members of
2 the public shall be given a reasonable opportunity, pursuant
3 to regulations prescribed by the Secretary of Commerce, to
4 present evidence to such committees.";

5 (2) in paragraph (4) thereof, as redesignated by
6 this subsection, by striking out "such committee" and
7 by inserting in lieu thereof "committee established un-
8 der paragraph (1) or (2)"; and

9 (3) in paragraph (5) thereof, as redesignated by
10 this subsection, by striking out "such committee" the
11 first time it appears therein and inserting in lieu thereof
12 "committee established under paragraph (1) or (2)".

13 MISCELLANEOUS

14 SEC. 8. The objective of management of the commer-
15 cial forest lands of the national forest system which have
16 not been withdrawn from timber utilization by statute or
17 administrative regulation shall be to make an optimum
18 contribution to the forest products needs of the Nation both
19 for domestic consumption and for an advantageous trade
20 base for support of the Nation's balance-of-trade position,
21 with due consideration of environmental impacts and re-
22 quirements for other uses of national forest resources, and
23 subject to the provisions of the Act of June 4, 1897 (16
24 U.S.C. 475), the Act of June 12, 1960 (16 U.S.C. 528-
25 531), and the Act of January 1, 1970 (42 U.S.C. 4331-

1 4435). Timber cultural programs, rotation, stocking, and
2 old growth management policies shall be developed with
3 recognition of these national needs, stocking and produc-
4 tivity levels of commercial forest lands in other ownership
5 categories, and needs for maintenance of regional or local
6 economic support.

7 SALE OF TIMBER FROM THE NATIONAL FOREST SYSTEM

8 SEC. 9. (a) In connection with the sale of timber and
9 other forest products from the national forest system or the
10 issuance of permits for use of national forest system lands,
11 the Secretary of Agriculture is authorized and directed to re-
12 quire such contractors and permittees to install or take such
13 measures as he deems desirable to minimize adverse en-
14 vironmental impacts that might result from the contracted
15 or permitted activity, including requirements for location and
16 construction specifications of roads, other transportation facil-
17 ities or other developments necessary for the utilization or en-
18 joyment of products purchased or uses authorized: *Provided*,
19 That (1) the costs of such measures shall be recognized in
20 determining the appraised value of the product to be sold or
21 the amount of the permit fee, or (2) the appraised value
22 may be determined without allowance for such costs but with
23 contractual provision for credit to the contractor's account at
24 specified rates as the specified installations or services are
25 performed by the contractor. Costs of surveys, plans, and

1 specifications for such roads, other transportation facilities, or
2 other developments which are provided in advance of con-
3 tract or permit award shall be set aside from payments made
4 by the contractor or permittee into a special fund which is
5 hereby appropriated for expenditure on preparation of sim-
6 ilar surveys, plans, and specifications in advance of award of
7 additional sales of products or issuance of permits.

8 (b) When payments under a contract or permit are
9 specified at a rate per unit of measure, the Secretary of
10 Agriculture is authorized to require the purchaser or per-
11 mittee to provide a measure satisfactory to the Secretary of
12 the outturn or volume of use to which unit rates apply. The
13 cost of such measurement service shall be recognized in
14 determining the appraised value of the product to be sold or
15 the amount of the permit fee. If measurement service satis-
16 factory to the Secretary is not feasible, the contractor or per-
17 mittee may be required to make deposits under the provisions
18 of section 5 of the Act of April 24, 1950 (16 U.S.C. 572),
19 to cover the cost to the United States of performing such
20 measurement.

21 REPORTS

22 SEC. 10. (a) In carrying out the provisions of this Act,
23 the Secretary of Agriculture shall submit to the Congress (1)
24 within one year from the date of enactment of this Act a
25 program for the development and management and environ-

1 mental protection of all national forest system resources,
2 and (2) within two years a program for the development of
3 all the Nation's forest lands for high resource yields and
4 environmental protection including reference to farm and
5 other small woodlands.

6 (b) The Secretary shall report annually to the Congress
7 on the operation and effectiveness of this Act.

8 REPEAL

9 SEC. 11. The Act of March 4, 1913 (37 Stat. 843; 16
10 U.S.C. 501), is hereby repealed.

93D CONGRESS
1ST SESSION

S. 1820

IN THE SENATE OF THE UNITED STATES

MAY 15, 1973

Mr. HART introduced the following bill; which was read twice and referred to the Committee on Banking, Housing and Urban Affairs

A BILL

To amend the Export Administration Act of 1969 to manage the export of forest products from the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Export Administration Act of 1969 is amended
4 by—
5 (1) inserting immediately before the caption of
6 section 1 the following:
7 "TITLE I—GENERAL PROVISIONS";
8 (2) redesignating sections 1 through 14, and all
9 cross references thereto, as sections 101 through 114,
10 respectively;
11 (3) striking "this Act" wherever it appears in

1 sections 101 through 114 (as redesignated by paragraph
2 (2)) and inserting "this title"; and
3 (4) striking "This Act" in section 113(a) (as re-
4 designated by paragraph (2)) and inserting "This title".
5 SEC. 2. The Export Administration Act of 1969 is
6 amended by adding at the end thereof the following new title:

7 "TITLE II—FOREST PRODUCTS EXPORT
8 MANAGEMENT

9 "SHORT TITLE

10 "SEC. 201. This title may be cited as the 'Forest Prod-
11 ucts Export Management Act of 1973'.

12 "FINDINGS

13 "SEC. 202. It is the finding of the Congress that it is
14 in the interest of the people of the United States that there
15 be an adequate supply of forest products continuously avail-
16 able for their use; the United States is abundantly blessed
17 with land capable of growing forests that can produce the
18 range of values that the living forest provides for man's eco-
19 nomic, social, and spiritual well-being; during the past cen-
20 tury and into some of this century the forest lands of the
21 United States were viewed as a limitless resource; these
22 forests were subjected to heavy cutting and a low level of
23 management and protection; during the past several decades
24 progress has been made in introducing a higher level of
25 management on public and private forests; there are still

1 substantial forest areas that have not been restored to their
2 optimum level of economic and environmental utility; it is
3 both feasible and wise to sustain the flow of benefits from
4 the forests; some benefits, both tangible and intangible, can
5 be sustained on an even sort of flow; on larger private and
6 public forests it is practical to maintain a continuous annual
7 flow of forest products, while on smaller forest units the
8 flow of products may be intermittent yet under a high order
9 of forest stewardship, all to the end that the total amount of
10 forest products and other benefits regionally and nationally
11 will be sustained and amplified in future decades; to help
12 attain those goals the wastage of portions of the bole of each
13 tree cut should be kept at as low a level as possible and all
14 reasonable efforts to secure the full utilization of the tree
15 bole should be encouraged; all reasonable forest land manage-
16 ment efforts should be encouraged to secure the economic and
17 environmental benefits of our forest resources; the United
18 States has become a substantial importer of softwood logs
19 and products, principally from Canada, and we also import
20 certain hardwoods indigenous to the United States; the im-
21 portation of logs and forest products from other nations
22 should be encouraged provided this trade does not exploit
23 other nations' forest resources to their disadvantage; the
24 United States especially in the past decade has become a
25 substantial exporter of softwood logs and also exports a sub-

1 stantial quantity of lumber; there is concern that unless this
2 trade is properly managed it will contribute to supply insta-
3 bility, rises in the cost of forest products, and depletion of the
4 forest resources of the United States in a manner disadvan-
5 tageous to the national need and interest.

6 "FOREST PRODUCTS EXPORT MANAGEMENT

7 "SEC. 203. (a) Upon enactment of this title, the export
8 of forest products from the United States shall be managed
9 by limiting the volume thereof that annually may be ex-
10 ported and the conditions under which forest products may
11 be exported. This shall be a function of the Secretary of
12 Commerce with cooperation from other agencies of govern-
13 ment.

14 "(b) For the calendar year 1973, softwood log ex-
15 ports shall not exceed the average of such exports during
16 calendar years 1971 and 1972. For softwood lumber, tim-
17 ber, and cants, the exports for calendar year 1973 shall not
18 exceed the average of such exports during calendar years
19 1971 and 1972.

20 "(c) Not later than December 1 of each year beginning
21 with 1973, the Secretary shall determine the type and vol-
22 ume of forest products that have been imported for the year
23 in progress. He shall estimate the anticipated level of such
24 imports in the succeeding year and he shall review and ana-
25 lyze all facts he deems pertinent to determining whether the

1 export of forest products is in the national interest and the
2 level of such exports that would be in the national interest.
3 "(d) Not later than December 15 of each year be-
4 ginning with 1973, the Secretary shall prescribe for the suc-
5 ceeding year the level of forest products exports that he
6 determines will be permitted in the national interest but,
7 except as provided below, the permitted level of exports of
8 forest products needed for domestic use in any year shall not
9 exceed 10 per centum of the imports of forest products. For
10 the calendar year 1974 such exports may be 20 per centum
11 of the 1973 imports and for 1975 such exports may be 15
12 per centum of the 1974 imports. In any year, however, the
13 Secretary may permit such higher level of forest products
14 exports not to exceed the 1972 level as he determines will
15 be in the national interest in any year or portion thereof
16 when the domestic price index for forest products is 95 or
17 less using the year 1967 as 100.
18 "(e) In addition to the export of quantities of forest
19 products as provided in subsection (d), the Secretary shall
20 determine the grades and species of logs and bolts and proc-
21 essed lumber, plywood, and cants not needed for and sur-
22 plus to domestic purposes and may permit their exportation
23 without regard to the above limits. In reaching his deter-
24 mination, the Secretary shall consider whether the export of

1 such logs will improve the utilization of the bole of cut trees
2 and promote higher levels of forest management. As a con-
3 dition of issuing such a permit the Secretary shall have made
4 a finding that there is currently no reasonable domestic
5 market for such forest products and shall take into account,
6 among other things—

7 "(1) whether the applicant has attempted in good
8 faith but unsuccessfully to sell such forest products at
9 no more than fair value to persons that are customarily
10 engaged in the purchase of such products for manufac-
11 ture or sale; and

12 "(2) the customary uses for such forest products on
13 the domestic market and the current prevailing condi-
14 tions as to such utilization.

15 "(f) The Secretary shall by regulation designate at
16 lease one day in each month on which he will receive written
17 or oral testimony from permit applicants and other interested
18 persons, relevant to the findings required under paragraph
19 (e) of this subsection. To provide the public notice of pend-
20 ing applications, testimony will be received on only those
21 applications delivered to the Secretary at least ten days
22 prior to the designated date. After receipt and consideration
23 of the testimony, the Secretary shall within five days, Satur-
24 days, Sundays, and legal holidays excluded, approve or dis-
25 approve such applications. Concurrent with his action the

1 Secretary shall issue a concise public statement stating his
2 reasons therefor.

3 "(g) Any person who prior to March 31, 1973, has
4 entered into a firm written contract to deliver forest products
5 for export, shall be permitted by the Secretary to complete
6 such contract and the Secretary shall take these facts into
7 account in determining the permits he will issue under this
8 title. In issuing permits for the export of forest products
9 under subsection (d), the Secretary shall consider all persons
10 and shall not limit such permits to those who have engaged
11 in exports in prior years but he shall issue such permits only
12 to persons who own forest land or persons who own forest
13 products, manufacturing plants, or logging operations and
14 customarily are engaged in the cutting of standing timber or
15 the manufacture of same for domestic manufacture.

16 "AVAILABILITY OF RECORDS AND STORAGE AREAS

17 "SEC. 204. Whoever exported forest products in the two
18 years prior to enactment of this title or subsequently applies
19 under this title to export forest products shall permit access
20 to related books, records, and accounts, and their forest
21 storage areas by the Secretary.

22 "PENALTY

23 "SEC. 205. Whoever knowingly and wilfully exports
24 any timber in violation of this title, or knowingly and
25 fraudulently files a false report, or fails to permit the Secre-

1 tary access to his books, records, and accounts, and his forest
2 product storage areas shall be fined not more than $10,000
3 or imprisoned for not more than one year, or both, for each
4 such violation, and shall not thereafter be permitted to export
5 forest products for a period of not more than five years.

6 "DEFINITIONS

7 "SEC. 206. As used in this title—

8 "(a) The term 'forest products' means coniferous spe-
9 cies: *Provided*, That for the purposes of this title coniferous
10 forest products consist of—

11 "(1) any logs, such as saw logs, peeler logs, and
12 pulp logs;

13 "(2) cants, squares, and hewn sawn material ex-
14 ceeding four and one-half inches in thickness;

15 "(3) split or round bolts, or other round wood not
16 processed to standards and specifications suitable for
17 end product use;

18 "(4) veneers and plywood; and

19 "(5) lumber seven feet in length or more with a
20 width in excess of two inches or a thickness in excess of
21 one-half inch.

22 "(b) The term 'Secretary' means the Secretary of Com-
23 merce.

24 "(c) The term 'exporter' means any individual, corpora-
25 tion, association, firm, or other legal entity which sold forest

1 products under such terms that the seller delivered the forest
2 products either—
3 "(1) on board a truck or railroad car; or
4 "(2) alongside a vessel in a manner usual in the
5 port involved or on a dock designated and provided by
6 the buyer;
7 in such circumstances that the seller at that time reasonably
8 believed that the forest products so delivered would, in ac-
9 cordance with orders given by the buyer directly to the car-
10 rier, be transported by such truck, railroad car, or vessel, to
11 a foreign destination.
12 "(d) The term 'United States' means the fifty States,
13 and territories, possessions, and trust territories of the United
14 States.
15 "AUTHORITY TO SUSPEND
16 "SEC. 207. After the calendar year 1974, the President
17 may suspend the operation of this title, in whole or in part
18 for any calendar year if by July 1 of the preceding year he
19 has made a finding that the overall national interest of the
20 United States will be better served by such action than by
21 the operation of this title and by that date he has submitted
22 his reasons therefor to the Congress of the United States
23 and both Houses of the Congress have passed resolutions
24 stating in effect approval of such request no later than one
25 hundred and twenty calendar days thereafter.

1 "REGULATIONS AND FEES

2 "SEC. 208. (a) The Secretary is authorized to issue
3 such regulations as may be necessary to carry out the pur-
4 poses of this title.

5 "(b) The Secretary is also authorized to charge reason-
6 able fees to those engaged in the exportation of forest prod-
7 ucts, or seeking to export forest products to defray the cost
8 of processing and approving their specific application and
9 the inspection of the forest products they are permitted to
10 export. In any case where it shall appear to the satisfaction
11 of the Secretary that any person has made a payment under
12 this authority which is not required, or is in excess of the
13 amount required, the Secretary, upon application or other-
14 wise, may cause a refund to be made from applicable funds.
15 Moneys received hereunder shall be credited to a separate
16 account in the Treasury and are hereby appropriated and
17 made available until expended, as the Secretary may direct
18 for payment of expenses incident to the function for which
19 the charges were made and for refunds to depositors as pro-
20 vided above. There are hereby authorized to be appropriated
21 such additional sums as may be necessary to carry out the
22 purposes of this title."

GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE,
Washington, D.C., May 18, 1973.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Banking, Housing and Urban Affairs, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for the views of this Department concerning S. 1033, a bill "To amend the Export Administration Act of 1969, as amended, to control the export of timber from the United States."

S. 1033 would amend the Export Administration Act by adding a second title to deal exclusively with export controls on timber. Although the statement of congressional policy refers to coniferous timber, the controlling provisions of the bill contain no such qualification and could therefore also be deemed applicable to hardwood timber. The bill would establish an embargo on exports of timber from federal lands beginning on January 1, 1974. The bill would also establish decreasing quotas for exports of timber from non-federal lands for 1974, 1975, and 1976, with a total embargo beginning on January 1, 1977, except to the extent that the Secretary of Commerce might determine that specific quantities of timber are surplus to the needs of domestic users and processors and issue an export permit. The Secretary would arrive at such a determination on the basis of the fair value of the timber for domestic use and evidence that the applicant for an export license has attempted in good faith, but in vain, to sell the timber at such a price in the domestic market.

The statutory authority provided in S. 1033 is not required to regulate exports of timber from the United States. The Export Administration Act, as amended, provides flexible statutory authority for the Secretary of Commerce, with the approval of the Secretary of Agriculture, to impose export controls on timber from the United States to the extent he determines this would be necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of abnormal demand.

The proposed prospective embargo could stimulate a short-term large increase in demand for timber from all sources in an effort on the part of the Japanese to stockpile timber in preparation for the embargo. This increase in timber demand could result in increased prices and thus raise the cost of lumber imported into the United States from Canada.

Japanese purchases of U.S. timber account for approximately 50 percent of total Japanese imports of softwood timber. There is little reason to believe that Japan could expand timber purchases from other countries sufficiently to make up the loss from the U.S. by the end of 1976. Therefore, Japan coudl be anticipated to return to the American market and purchase lumber otherwise used domestically, or to the Canadian market and purchase lumber presently imported by the U.S. These lumber purchases would be greater in volume than the log purchases no longer exported if the difference in wood utilization from timber between Japanese and American mills remain wide throughout this decade. Again, upward pressures on prices would result.

The imposition of export controls on timber is not justified at this time. This bill is obviously intended to deal with the demand supply imbalance in softwood lumber and plywood which has increasingly concerned domestic users. As indicated by Gary M. Cook, Deputy Assistant Secretary of Commerce for Competitive Assessment and Business Policy, in his testimony on March 26, 1973, before the Subcommittee on Housing and Urban Affairs of your Committee, this Department, in consultation with other federal agencies, has carefully reviewed the factors affecting demand and supply of softwood logs in the United States. Several measures have been initiated by the Administration to correct the imbalance and it has been determined that controls on the exports of softwood logs would not be justified at this time. S. 1033 would override this determination and render the imposition of controls mandatory. Such controls would be imposed without the flexibility inherent in the administration of the Export Administration Act. This would appear to run contrary to the congressional intent expressed during the 1972 extension of the Act that short supply controls should be imposed very sparingly, only when and for such limited periods of time as are absolutely necessary.

Though the preamble of the bill refers to the economic problems created by exports, in the bill, timber declared in excess of domestic needs is not determined according to criteria that would stabilize prices or correct domestic problems. The proposed system could lead to more volatile price increases in the future.

The determinations that the Secretary would be required to make as to the fair value of the timber for domestic use and the good faith of exporters in their attempts to sell the timber involved, would be administratively very difficult, if not impossible to implement.

Finally, we see no justification for singling out timber for special statutory treatment outside the scope of the Export Administration Act. This proposal, if enacted, would precipitate a number of special interest bills seeking special export control authority for other commodities. For the above reasons, this Department is strongly opposed to the enactment of S. 1033.

We have been advised by the Office of Management and Budget that there would be no objection to the submission of our report to the Congress from the standpoint of the Administration's program.

Sincerely,

KARL E. BAKKE,
Deputy General Counsel
(For William N. Letson, General Counsel).

Senator PACKWOOD. OK; with that out of the way, we'll start with the first witness to testify today, and that is Bill Markham, State representative from Douglas County; Representative Markham.

STATEMENT OF BILL MARKHAM, MEMBER, OREGON HOUSE OF REPRESENTATIVES, SALEM, OREG.

Mr. MARKHAM: Thank you, Mr. Chairman. I am Bill Markham, State representative of Douglas County, Oregon. And Senator, may I say before I get into my short official testimony that I'm the sponsor of two measures in the Oregon legislature speaking to the ban on log export. We urge Congress and the United States to immediately create an embargo on the west coast and House bill 2641 would prohibit the exportation of all logs from the State of Oregon.

I represent mills that produce several hundred million board feet of lumber and plywood each year. My constituent mills are primarily nonland owners and are totally dependent on outside sources for their raw material supply.

We are in the midst of a major timber supply crisis in the United States. Part of that crisis has been created by attempting to meet the booming housing demands of two countries: our own and Japan's.

The total log exports in 1972 reached an alltime high of 2.8 billion board feet, with over 90 percent of that volume exported to Japan.

It has been estimated that 1973 totals will further exceed that mark by at least 20 percent and may reach 3.5 billion board feet. By my estimate, those logs would produce enough wood products to construct over 400,000 single-family dwellings.

Frankly I do not want the western part of the United States to be turned into a Japanese tree farm.

If I may use that settlement again, I feel strongly, one, that log exports aggravate critical domestic shortages of softwood lumber and plywood.

Present domestic milling facilities here in western Oregon are adequate to utilize available raw material generated here in the State of Oregon. Capacity is there, sir. The logs are not.

Balance of trade concerns must consider that we pay the Canadians somewhere between $800 and $900 million to replace the lumber we could have manufactured from the logs we sold to the Japanese for $380 million.

And, finally, domestic mills must have a long-term assured supply of logs to assure high-level production and reasonable prices to the consumer.

I am opposed to all log exports that are needed to satisfy domestic needs; and therefore I speak in support of your proposal, Senator Packwood, S.1033. Thank you for the opportunity to come here.

Senator PACKWOOD: Bill, let me pursue you on one question. The statement of capacity, the capacity is there and the logs are not. Have you talked with a number of mill owners in the Douglas County area about productive capacity?

Mr. MARKHAM. They could set up their production if their long term log supply—and I've seen two surveys made; one by the home builders here in Portland and another one by the North West Timber Association. So, yes, there is more capacity, sir.

Senator PACKWOOD. I have no other questions. Thank you, Bill.

Calvin Lloyd.

STATEMENT BY CALVIN C. LLOYD, TIMBER MANAGER, EVERETT PLYWOOD CORP., EVERETT, WASH.

Mr. LLOYD. I am Calvin C. Lloyd, timber manager for Everett Plywood Corp., of Everett, Wash. Neither the company's history nor our dependency upon the purchase of public and private timber has changed since I spoke to you last June. As set forth in your section 202 of your Senate bill 1033, which is an accurate and comprehensive a picture as could be stated, I can only reaffirm on a personal basis that the inability of our mill to maintain its normal wood supply in existence has been a costly and difficult task.

In 1971 Everett Plywood installed a new 8-foot lathe in order to be able to utilize smaller timber and increase veneer production which was becoming scarce. In 1972–73 we replaced the 4-foot lathe with new automatic equipment, again to increase our utilization of wood. In spite of these investments and efforts to conserve wood, our timber reserve fell to an alltime low. Our failure to maintain our timber supply lay to preclusive purchasing by export companies.

The industry's production capacity is much in the news. With an adequate log supply during 1968–69, Everett Plywood produced approximately 142 million square feet of plywood on a three-eights-of-an-inch basis.

This past year, with nearly the double 1968–69 capacity due to another lathe plus a modern core lathe, our production only reached 120 million square feet. We have the capacity if we only had the logs.

The exporting of logs is the major factor in the unavailability of logs for the domestic mills. You certainly cannot say there is a log scarcity while exporting some 3 billion board feet.

Because of the situation prevalent here we support your efforts to restrict the export of logs. Having observe the workings of the export board in Canada, I can vouch for its effectiveness. However, if the goal of S.1033 is to be realized, namely of alleviating the domestic shortage of lumber and plywood, the export control will have to be extended to finished products. If controls are not extended to products, it will be too easy to subvert the intent of the act. Foreign interests and domestic could readily put together basic primary manu-

facturing facilities. These new facilities would mean an immediate increase in jobs and industry capacity, but the effect could be that less lumber and wood products would be available for the domestic market.

An effective export control board could, as I envision it, have a stabilizing effect upon the wood industry while assuring the Nation of its lumber supply. Logs and wood products truly surplus to the domestic need could be sold on the world market.

In closing, we support S.1033 and believe it has effectively and fairly dealt with the log export problem for the good of the Nation. I would like to see the bill expanded to include wood products. An effective export board need not dampen our world trade in items normally exported but overall serve as a deterrent to subverting the intent of log export controls.

That's my statement, Senator.

Senator PACKWOOD. Mr. Lloyd, thank you, and I might add one additional comment: The committee is interested in what you touched upon, that's the issue that if we were to restrict the export of logs, but not lumber, would we be resolving the problem or simply then exporting lumber and still be "wood short" in our domestic market? One of the issues would be would the Japanese buy lumber or are they only interested in buying logs? And if any of the witnesses want to address themselves to that question, it would be of interest to the committee.

Mr. LLOYD. My opinion is, and I think it has been held out in the last 6 months, but we have seen increase in the export lumber from the west coast, and I would think it would continue to do so. They need the wood.

[The following was received for the record:]

EVERETT PLYWOOD CORP.,
Everett, Wash., March 9, 1973.

Senator ROBERT PACKWOOD,
U.S. Senate Office Building,
Washington, D.C.

DEAR SENATOR PACKWOOD: I have gone over your S.1033 as presented in the Congressional Record. Your introductory remarks were extremely timely and the legislation itself refreshingly simple and workable. If this legislation moves along I sincerely hope it will not become "improved upon" by the large land-holding companies to the point that it has lost its workability.

I have taken the liberty of enclosing a recent talk I gave to the Seattle Master Builders Association. The solution to the lumber-timber crisis I view on page 4 could be met by S.10.33.

Very truly yours,

CALVIN C. LLOYD,
Timber Manager.

TIMBER SUPPLY AS AFFECTING LUMBER PRICES

Presentation to Seattle Master Builders Association Housing Seminar, 1973 Olympic Hotel, Seattle, Wash., February 22, 1973, by Calvin C. Lloyd, timber manager, Everett Plywood Corp.

One of the most often heard lines when discussing the price paid for standing timber is: "The price of logs has no bearing on what you receive for your lumber." Anyone who really believes that also believes rabbits lay colored eggs every year at Easter. What's really being said is that the price the Canadians, Japanese, Italians and French and others are willing to pay for American logs to convert them into products, at a profit, has no relationship to what the American manufacturer will receive for wood products manu-

factured from similar logs. To say that the price of your raw material does not affect the price of your product is ludicrous. I don't care if you're making boards, building houses or baby buggies, if your resource costs more than your product, you go broke!

The intrusion of the economies of Japan and Canada on our timber and log supply, considering their cartel operation and protectionist posture, is creating a very predictable condition.

A. Mills without a log supply that can be converted at a profit are shutting down.

B. Mills choosing to compete must either raise the price of the product or lower the average cost of the product by lowering the quality of logs used.

C. If all else fails, a mill can switch to contract cutting for the export market.

In every case the American consumer is the loser. Loss of jobs, increasing product price, lower product quality, and worst of all, loss of productive capacity is resulting from the scarcity of timber supply.

In 1969, a Senate subcommittee on Housing and Urban Affairs reported, and I quote: "The underlying and basic cause of high prices is a shortage of softwood sawtimber on the market; this shortage is, at least in part, the result of an inadequate level of management of forest lands, principally by agencies of the Federal government."

The report recognized repeatedly the softwood shortage. It predicted the results of the shortage. It identified remedies and recommended means of attaining a sustained log supply.

In the face of this, the Government continues to permit the export of our finest softwood logs to Japan and Canada. Last year approximately 3 billion board feet went export. In addition, the U.S. Forest Service, the largest seller of softwood in the United States, has reduced its timber sale offerings by over 3 million board feet per year.

In this area the Industrial Forestry Association reports the U.S. Forest Service has fallen behind on sales by a cumulative volume of 564 million board feet. The Forest Service's failure to meet their cut, coupled with a fixed export quota, resulted in the Snoqualmie Forest's (Seattle area) assigning 59% of the volume of their sales in 1971 to export and 26% of the sale volume in 1972 to export. Region 6's response to a query on log export on January 30, 1973 was: "Our view of the Forest Service's responsibility on this matter is that we must make the assigned quota available in our timber sale offering." I add, "and the American consumer be damned".

Certainly we are free to bid on exportable sales. But, if you don't believe in Easter Bunnies, you don't buy exportable logs.

A recent sale of peelable Douglas Fir, which was exported, brought a price of well over $500/M. Converting the log value to plywood, net to the mill, would have meant: ⅜" AC at $364.00 or a $190.00 ¼" List. Needless to say, we didn't purchase the logs. Logs and timber sales are the same—foreign market conditions and demand exceed in terms of dollars that the U.S. market will tolerate.

Isn't it strange—builders, lumber dealers and wood manufacturers are busy accusing one another of bad faith because of a condition that needn't exist. A log shortage. Tell me how you can say there is a timber shortage while exporting 3 billion board feet of logs.

The Forest Service is assigning 350 MM board feet annually for the export market and failing to meet its sustained cut program locally by 500 MM board feet. In the winter of 1971 I predicted an artificial timber famine because of the Forest Service's lack of performance, and it has come to pass. What right does the Forest Service have to allow the export of National Forest timber? Timber from our forests belongs to the people of the United States. The National Forests were established to assure a never-ending supply of wood and wood products would be available to the people. The Forest Service mills, retailers and builders are but middle men in the process of converting our National Forests into homes and wood products for a growing America.

America needs its railroads, or so the advertising says. But the Land Grant railroads care precious little about America. These railroads, given thousands of acres of land to finance the westward expansion and recently relieved of their deficient passenger traffic, are converting their timber almost exclusively to the export market. A recent railroad timber sale notice identified domestic timber as #2 sawmill logs not meeting export quality and #3 and #4 sawmill logs. You can imagine what quality lumber would be developed from this log.

The large, land-holding timber companies are liquidating their holdings far in excess of their needs in order to harvest the export dollars. Lands are being cut over which, but a few years ago, were not scheduled to be cut within my lifetime. These forests are not the product of research or planning, but were forests 300 years ago. The capital gains experiences of these corporations, according to Wall Street analysts, is exceedingly enviable. Second growth timber, our future supply, too is heading export at 6 days a week. The cry that export is good is clearly heard over the well-muffled cash register. Tree farms, existing under preferential ad valorem tax treatment, coupled with long term capital gains, depict another corporation riding the subsidy band wagon and saying "we have the right to do as we please with *our* timber".

The State of Washington timber has long been classified as a Japanese tree farm. The Governor must be a product of the new mathematics whereby the approximately 2100 man hours expended in loading a ship is equal to the 80,000 man hours of work that same shipload of logs would produce in our mills.

The question—"HOW LONG CAN THE CRISIS LAST?"

From the timber standpoint I have tried to illustrate that there is no shortage locally. The scarcity exists because those who hold the timber have not, or will not, make the logs available to the local mills.

1. The U.S. Forest Service fails to sell their own established allowable cut.
2. The Department of Natural Resources says that dollars for raw logs are better for the State than having manufacturing plants, a transportation industry, retailers and builders.
3. Industrial land holders, once their private timber holdings have been converted to dollars and capital gains, will move into the public Forests.

If quality logs are made available to mills then quality lumber and plywood will come out. The crisis was created under the "fast buck" philosophy and could be administered to by those in power tomorrow if they so choose. An immediate ban on the export of logs and lumber and plywood until the shortage is alleviated could be imposed. This is powerful medicine and in no way would wood costs be reduced by such action; in fact, costs would probably rise, but lumber and plywood would be more readily available.

In the long run I think our national policy will have to be, and should be that logs and lumber are strategic materials. An Export Board should be established such as in British Columbia, which would control the export of this material. Logs and wood products truly surplus to our need could enter the world market. In this manner the export trade could have a stabilizing affect on the market while retaining its viability. Export has long been a segment of our business and should not be exterminated for expedience. Neither should export be the "tail wagging the dog" as is now the case.

The crisis will last as long as it is the national policy to allow unrestricted export of our Forest products.

Senator PACKWOOD. Thank you, Mr. Lloyd.

Mr. Firchau and McDougall.

STATEMENT BY ALBERT J. FIRCHAU, REPRESENTING THE TRANS-CONTINENTAL LOG AND EXPORT CO., SEATTLE, WASH.

Mr. FIRCHAU, Senator, my name is——

Senator PACKWOOD. Hold on just a second. Is Mr. McDougall here?

Mr. FIRCHAU. Mr. McDougall won't be here today.

Senator PACKWOOD. Mr. McDougall will not be here? Go ahead.

Mr. FIRCHAU. I am Albert Firchau. I live in Seattle. I'm one of the top contenders and purchasers of timber in Alaska, and my statement reads as follows: It is my opinion that there should be as few restrictions as possible. The Morse amendment plus SBA set aside sales should be continued. They tend to give a little stability and something for everybody.

We need to promote export of logs instead of discouraging it, as it is possible to grow 25 to 30 times as much wood as we are presently

harvesting in the Western States, if all our land is properly managed. We would also create 5 to 10 million jobs. We must think of the timber industry as an agricultural crop. One of the few renewable natural resources was a program to encourage everybody to grow trees. As proven in the past year, it can be very profitable, and I think I can make the statement that even after 18 months after World War II Germany was putting in timber and brought the industry back in shape there.

Senator PACKWOOD. Thank you, sir. Mr. Clare and Mr. Struthers, the Pacific Rim Trade Association.

STATEMENTS BY DAN CLARE, REPRESENTING THE PACIFIC RIM TRADE ASSOCIATION, PORTLAND, OREG.; AND G. JOHNNY PARKS, NORTHWEST REGIONAL DIRECTOR, INTERNATIONAL LONGSHOREMEN'S AND WAREHOUSEMEN'S UNION, PORTLAND, OREG.

Mr. CLARE. I would yield my time to Mr. Johnny Parks.

Senator PACKWOOD. Fine; your written testimony will be in the record, but you are going to have Johnny Parks testify now for both of you?

Mr. CLARE. Yes.

Senator PACKWOOD. For the Pacific Rim and——

Mr. CLARE. Yes.

Senator PACKWOOD. Your written statement will be placed in the record.

[Mr. Clare's statement follows:]

STATEMENT OF DAN CLARE, CAFFALL BROS. FOREST PRODUCTS INC., AND ALLEN STRUTHERS, UNITED STATES TRADING CO., AND PACIFIC RIM TRADE ASSOCIATION, PORTLAND, OREG.

The Pacific Rim Trade Association is an association of industry, labor and business, whose mutual concerns are the development and maintenance of free trade with our Pacific Rim neighbors as a vital and productive segment of our diversified economy.

As Oregonians, our principal concern is our economy that maintains Oregon jobs for Oregonians.

We applaud the goals to which Senate Bill 1033 addresses itself: the development of greater employment in the woods of Oregon and the Pacific Coast, and a modification of the soaring lumber prices nationally.

Since statistics now documented show that neither of these goals would be achieved by passage of Senate Bill 1033, and because it is being shown that thousands of workers would be displaced; that the economy of many coastal communities would be undermined, and that our relationships with our trading partners in the Pacific Rim would be jeopardized by an embargo on log exports, we oppose Senate Bill 1033.

Other testimony to the contrary, statistics clearly show that employment in the woods in Oregon is not down, rather it is up and is continuing to climb. By December 31, 1972, (Exhibit 1) 38,000 workers were reported employed in logging and saw mills in Oregon by the Oregon State Division of Employment, the highest average in the past six years.

Lumber costs throughout the nation are reaching record highs, (Exhibit 2) which statistics clearly demonstrate are the result of the demand in our record breaking housing market, and are not caused by the fact that last year we exported slightly over 5.7 percent of our total national harvest of logs.

The wholesale price index of lumber is directly tied to our lumber consumption, which reached 40 billion board feet in 1972, as we were producing a record 32.1 billion board feet of lumber.

Although in the long term, lumber prices have been increasing, peaks and valleys in lumber prices are reflected by the peaks and valleys of production caused by demand primarily in housing.

Exhibit 3 showing our lumber imports from Canada demonstrates that such imports for our markets are traditional and bear no relationship to our log exports. As long as Canadian lumber can be shipped more cheaply to our eastern markets, the demand for Canadian lumber will remain with us as an important source of supply, even if we were to build more mills to process more logs.

The premise that an embargo on log exports would provide American mills with more logs and therefore more lumber could be produced is equally fallacious. Our production is at record highs. Mills are producing, to their economically practical limits. (The more serious and immediate problem of lumber supply is not production, but transportation. The shortages of rail cars not only prevents the supply from reaching market, but could in itself curtail production.)

Alternatives to solve the goals of increased production and more stable lumber prices do not seem readily available through a simplistic solution.

Long term solutions rest with federal policy as it pertains to the management of our National Forests. We join with those throughout the industry who call for funding and management of the National Forests to the best interests of our economy and our environment. The vast recreational and harvest potential of our National Forests are not being developed. We do not call for a crash program. But we do urge that Congress and the Administration take steps toward the utilization of full forest potential.

We submit that there is no evidence that will demonstrate that a ban on log exports from private or federal lands would achieve the aims of Senate Bill 1033. A log export embargo on the contrary could have an immediate and disastrous impact on our jobs and economy, and the hoped-for goals would be stillborn.

Attached as part of our testimony is an analysis of log exports compared with variable factors in the wood products industry based on statistics available from the U.S. Department of Commerce, the United States Census and the Oregon State Division of Employment.

AN ANALYSIS OF LOG EXPORTS COMPARED WITH VARIABLE FACTORS IN THE WOOD PRODUCTS INDUSTRY

SYSTEMS, INC.,
Portland, Oreg., April 9, 1973.

GENTLEMEN: The following charts are a graphic representation of the log export situation to variable factors in the wood products industry. The combined charts and observations indicate that the rising costs of lumber are not related to log exports, nor does the export of logs have anything to do with increased unemployment in Oregon.

The question of log shortages has not been considered in this report because the figures available pertaining to mill capacity have not been collected in such a manner as to allow for a small enough margin of error to be useful in achieving a reliable picture. Other factors not considered in this report which are not affected by log exports but which do affect the supply and demand. consequently the price, of lumber are the Jones Act and rail car shortages which make it less expensive to ship finished lumber from Canada to the East coast, than from the Pacific Northwest to the East coast.

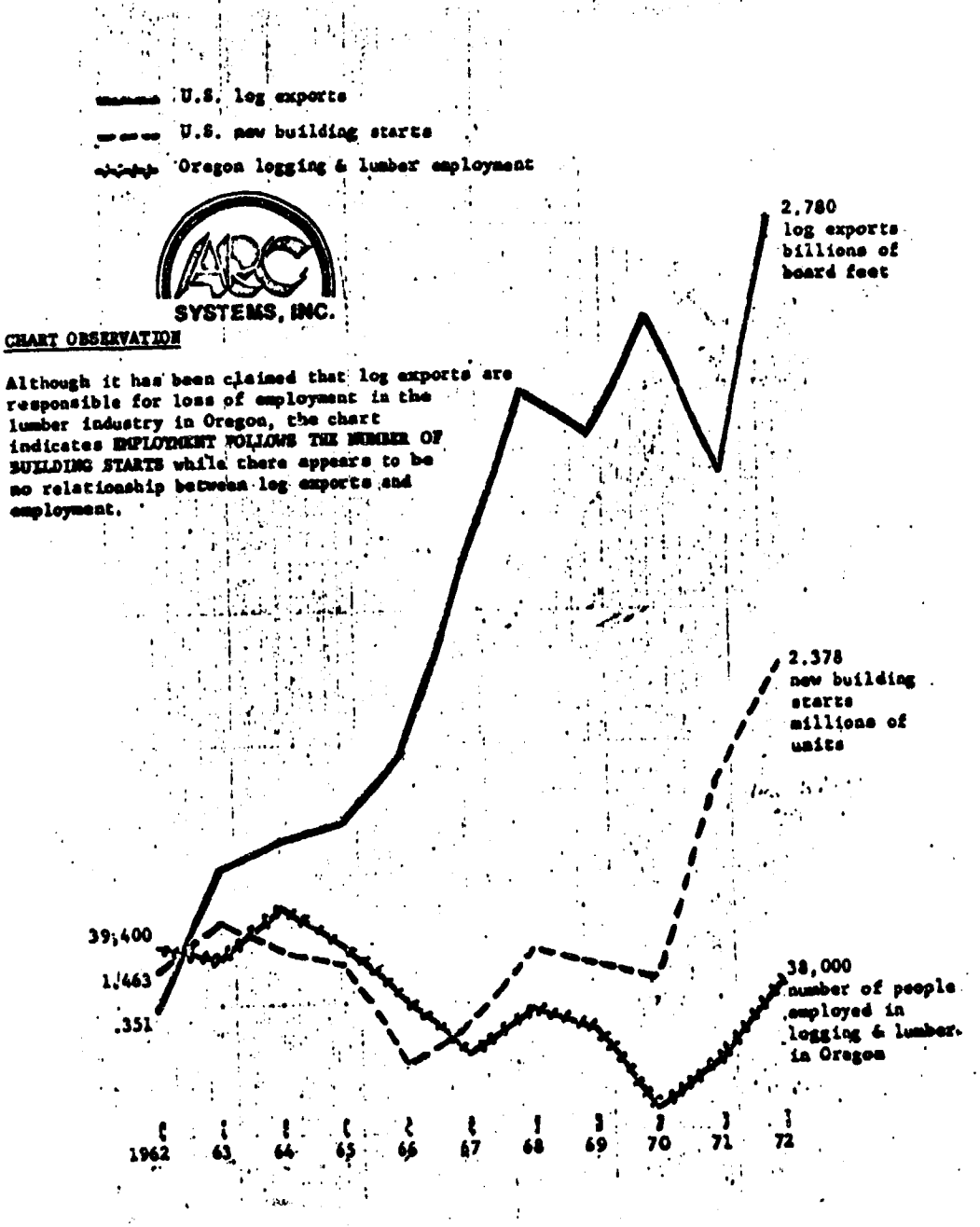
The percentage of logs being exported to the total softwood harvest is too small to have any appreciable effect on the pricing and processing of softwood lumber in the United States. These issues of pricing and processing appear to be more closely related to the issues of forest management, the Morse Amendment, Forest Service budget allocations by the Congress and the balance of payments. It is our conclusion that these factors, being legislative and administrative, should be examined in more detail.

The sources used in this report are the United States Department of Commerce, the United States Census and the Oregon State Division of Employment.

Sincerely,

JOHN d'ARC LORENZ,
President, Research Division.

THE RELATIONSHIP BETWEEN NEW BUILDING STARTS AND EMPLOYMENT IN THE LOGGING AND LUMBER INDUSTRIES COMPARED TO U. S. LOG EXPORTS.



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U. S. LOG EXPORTS COMPARED TO THE RELATIONSHIP BETWEEN THE WHOLESALE COMMODITY PRICE INDEX AND THE U. S. PRODUCTION AND CONSUMPTION OF LUMBER.

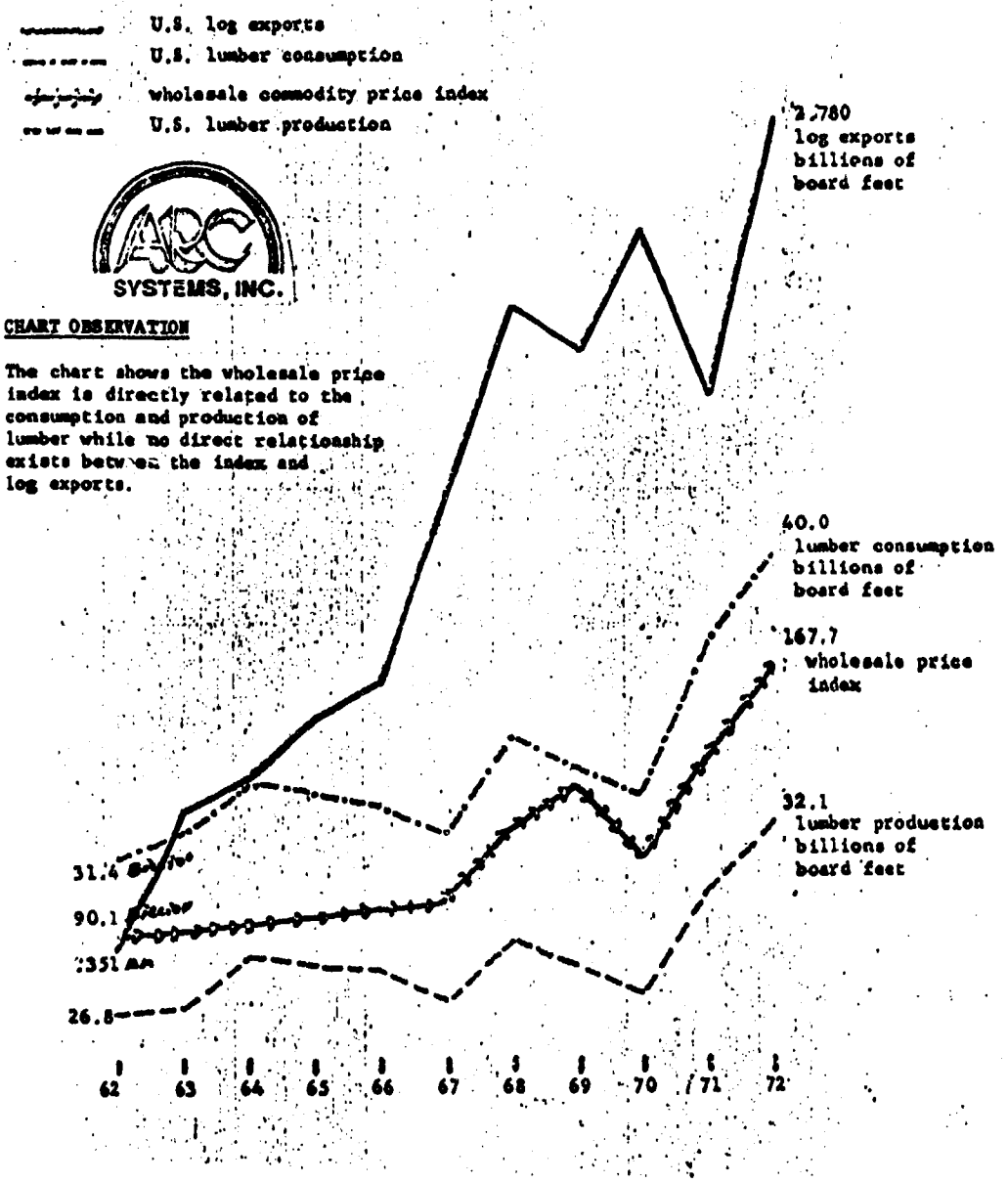

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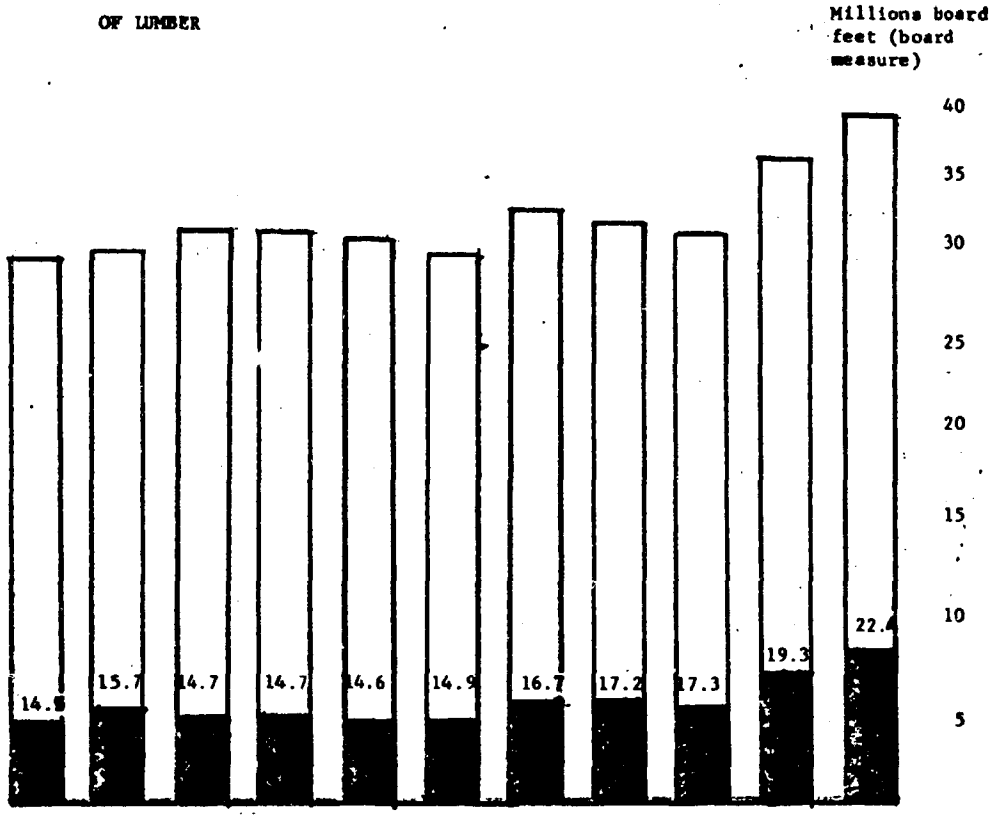
EXHIBIT III

COMPARISON OF IMPORTED LUMBER TO TOTAL ANNUAL U.S. CONSUMPTION OF LUMBER



Figures inside bars represent percentage of imported lumber to annual U.S. lumber consumption

Total annual softwood lumber consumption U.S.

Total softwood lumber imported to U.S.

ARC SYSTEMS, INC.

EXHIBIT IV

U. S. LOG EXPORTS COMPARED TO THE RELATIONSHIP BETWEEN THE ANNUAL U. S. SOFTWOOD HARVEST AND NEW BUILDING STARTS IN THE U. S.

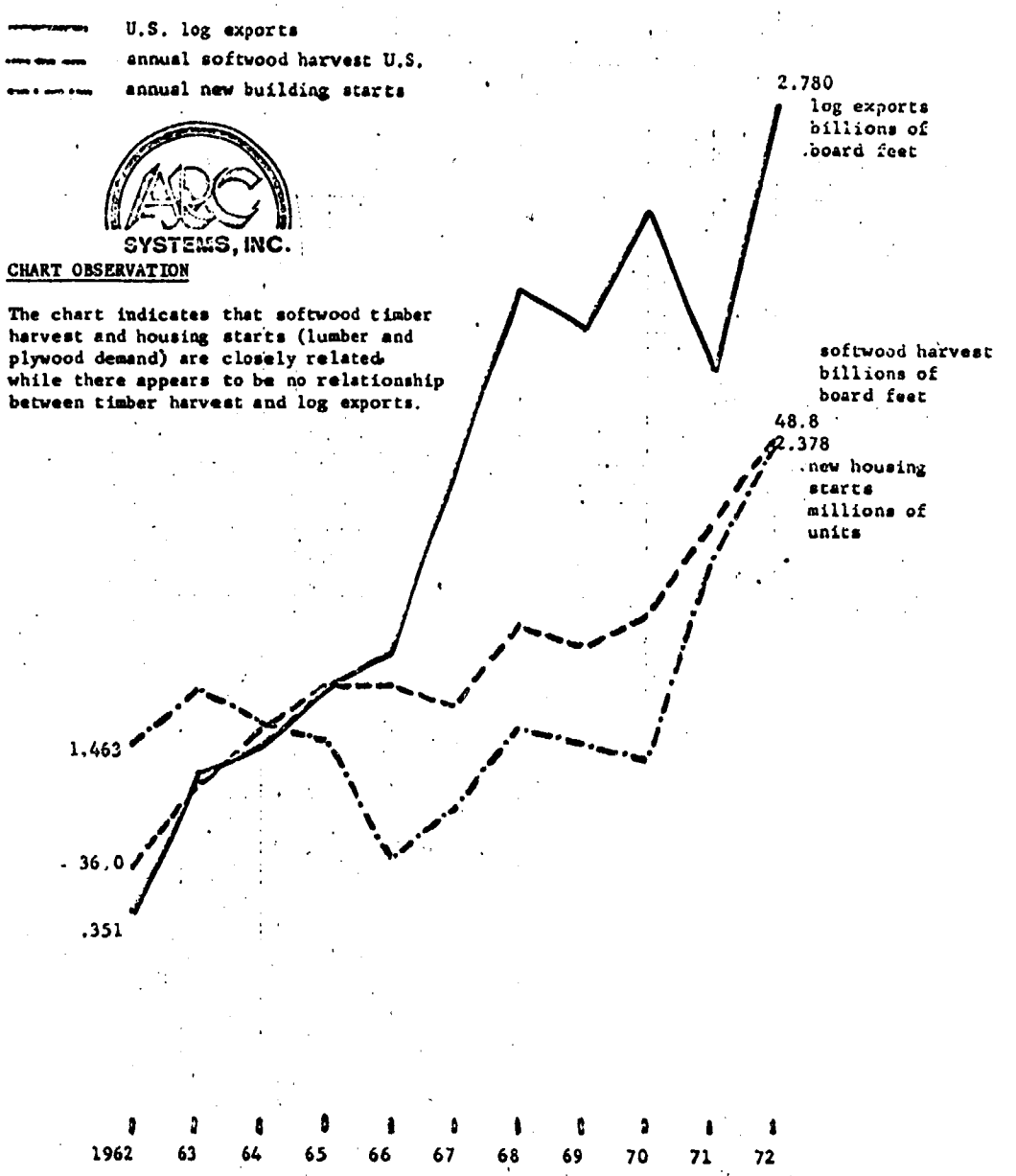
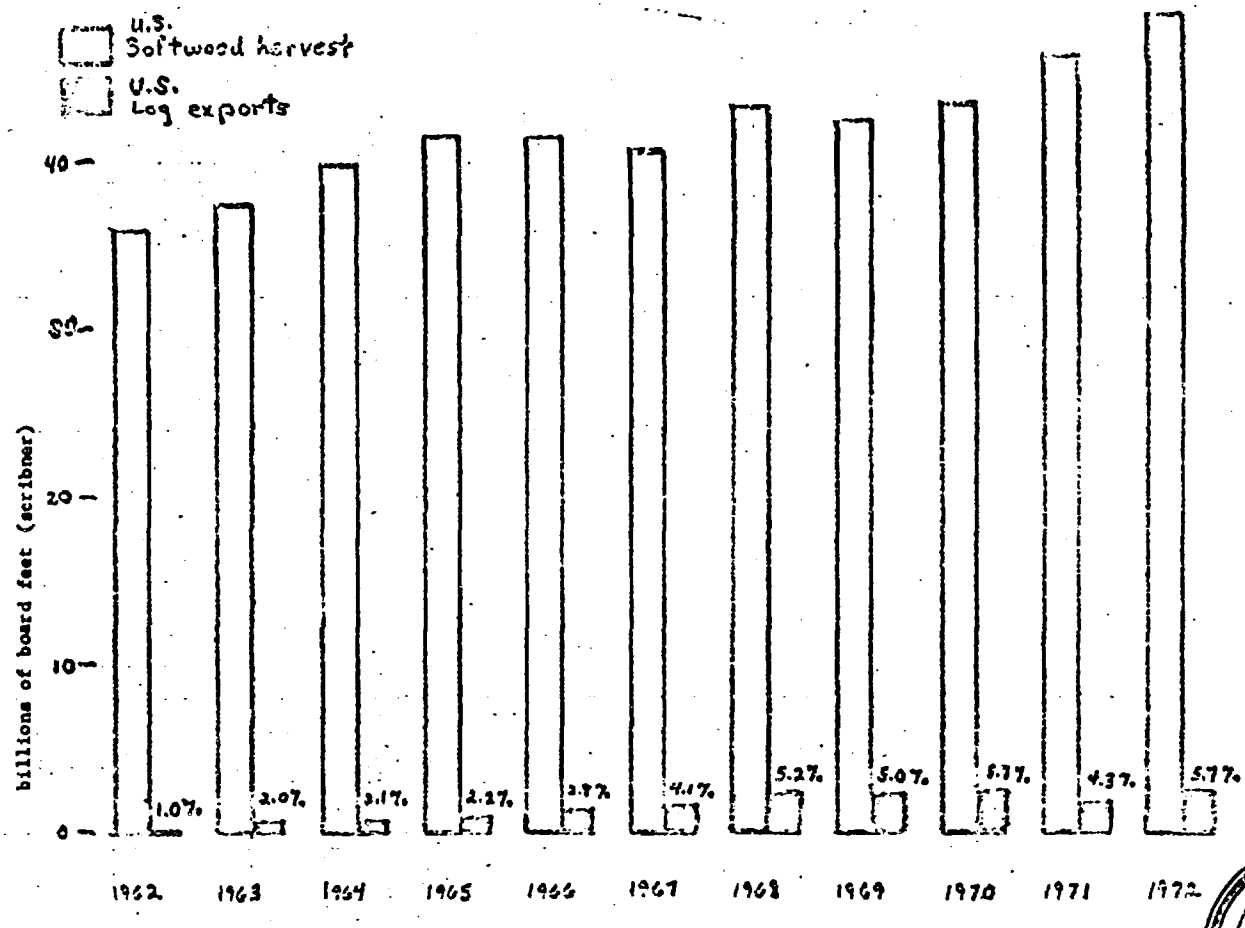


CHART OBSERVATION

The chart indicates that softwood timber harvest and housing starts (lumber and plywood demand) are closely related while there appears to be no relationship between timber harvest and log exports.

EXHIBIT V

PERCENTAGE OF U. S. SOFTWOOD HARVEST EXPORTED



ASC SYSTEMS, INC.

Exhibit VI

	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
Log exports[1]	0.351	0.757	0.852	0.927	1.167	1.655	2.233	2.109	2.460	1.982	2.780
New building starts[2]	1,463	1,603	1,529	1,473	1,165	1,292	1,508	1,467	1,434	2,052	2,378
Logging & lumber employment[3]	39,400	39,000	40,100	39,400	37,700	36,000	37,300	36,700	34,200	35 700	38,000
Softwood harvest[4]	36.0	37.7	40.1	41.4	41.4	40.8	43.3	42.6	43.5	46.2	48.8
Lumber production[5]	26.8	27.0	28.5	28.2	28.0	27.1	28.9	28.1	27.4	30.3	32.1
Lumber consumption[6]	31.4	32.0	33.4	33.1	32.7	32.0	34.7	33.9	33.2	37.4	[7] 40.0
Wholesale lumber-price index	90.1	92.1	93.3	93.1	97.7	100.0	120.7	134.5	113.4	141.0	167.7
Lumber imports[8]	4.5	5.0	4.9	4.9	4.7	4.8	5.8	5.8	5.7	7.2	8.9

[1] Billions of board feet (Scribner).
[2] Thousands of units.
[3] Logging and lumber employment (Oregon only) includes all people employed by logging camps and logging contractors. Also, log bankers employed by logging companies and sawmill workers. Does not include plywood or veneer, miscellaneous wood products, paper and hardboard.
[4] Billions of board feet (Scribner).
[5] Billions of board feet (board measure).
[6] Billions of board feet (board measure).
[7] Estimated.
[8] Billions of board feet (board measure) 99 percent of imports from Canada.

Mr. PARKS. Senator, I would like to address my remarks to some of the things that I know your committee is interested in. I'm not going to bore you with a bunch of figures, and percentages, and that sort of thing, because the record is full of those things. Hearings have been held dealing with the matter of exporting logs as long as I can remember, and I've been in the industry all my life.

Now, there are some things that we would like to know also. We're not here for purely selfish reasons. We're here to talk about those jobs that you were talking about a minute ago, and we're also here to talk about the cost of retail lumber, the cost of housing and so forth, and how it affects working people. Now, if I thought for one moment, and I'm speaking for the International Longshoremen and Warehousemen Union, and the International Brotherhood of Teamsters. They join with us in this opposition to your Senate bill 1033. We don't think that Senate bill 1033 has any insurance in it whatsoever that will—it will do any of the things that you said it would do in your address to Congress in the Congressional Record. Now, when you talk about jobs, we would like to talk about those for just a moment. If I thought for a moment that banning the exportation of logs would create more jobs, and if I thought for a moment that it would create more economic stability and reduce the cost of homes to working people and reduce the national trade deficit, and stimulate foreign trade, I'd be up here saying I thought you had a great bill. However, the facts don't point that way. The way we see it, and we've been testing on logs for a good many years, and there's a lot of people that agree with us, good responsible people, knowledgeable people, who say that the ban of the exporting of logs is just simply not going to do the thing that you say it's going to do see? Such people are the senior Senator from the State of Oregon, Mark Hatfield, Governor Dan Evans from the State of Washington, and other Congressmen, and many other people, and the industry people who are greatly knowledgeable in the field, and who provide all the figures, percentages, and that sort of thing.

Now, it seems to us there's something wrong here, you see? Because you speak of creating more jobs on one hand and opposing to destroy jobs and communities on the other hand. Now, we know all the facts, and you do too; you've held these hearings before.

Canada can ship lumber and place it on New York docks, for example, cheaper than we can ship it from Oregon and Washington.

Senator PACKWOOD. And why is that?

Mr. PARKS. Well, it's because of a number of things. I suppose we've got a bum rail system in this country that gives them an edge, plus we got the Jones Act, which allows them to ship on foreign bottoms.

Senator PACKWOOD. Should we repeal the Jones Act?

Mr. PARKS. Pardon me?

Senator PACKWOOD. Should we repeal the Jones Act?

Mr. PARKS. No. Maybe we can do the other things, though, on the railroad side. I'm not as well acquainted with the railroad system as I am with the Jones Act.

Now, why should we—or should Japan buy lumber from the United States? Let's say we ban the export of logs, and we start cutting them up into what you call the finished products. Why should Japan buy lumber from the United States when they can buy the same grade of lumber cheaper from Canada? See? Now, if they do that, we automatically increase the demand in the United States or domestic needs from Canada by another, let's say, 23 percent or whatever the correct figure might be.

Senator PACKWOOD. Let me interrupt you as we're going on. What's your source for the statement they could buy the lumber cheaper from Canada than the United States?

Mr. PARKS. The reason I say that is they can buy it cheaper from Canada than they can from the United States is because I understand Canada has some very flexible prices. They must be flexible, because they can place lumber on the east coast docks, for example, where most of the Canadian lumber goes at cheaper prices, than we can ship from Oregon to Washington.

Senator PACKWOOD. The reason I ask, Mr. Parks, is the evidence we have on production costs, and getting it to railhead or getting its shipside in British Columbia is about the same as what it costs to do the same thing in Oregon and Washington. That's why I was asking about the sales figure. That's not the evidence we have.

Mr. PARKS. As I understand it, some of the things or the mills in Canada are able to cut the sizes that the Japanese require also. Their calibration, as you know, is different than ours. As far I know, there are no mills in northwest—in the Northwest that cut lumber to Japanese specifications. One of the reasons why they want it in the flat form, the cant form, what we used to call the Jap square timber, and so forth.

Now, it just doesn't make sense to us to destroy all those port commitments and jobs that have all been established. These are jobs that if you ban exports of logs, you would have to build—I don't know how many sawmills, but you have to replace that many jobs, and the committees are built and established on the exporting of logs, and we see no relationship whatsoever between exporting a log and the lumber prices.

Senator PACKWOOD. Well, Mr. Parks, I'm sure you have heard the testimony of others and read the testimony, and you heard Mr. Lloyd from Everett Plywood indicate they could operate more jobs, more shifts, if they could get timber. There are going to be other statements today that the mills are not operating at their full capacity, and if they can get the timber they would produce more lumber and plywood. Are you saying those statements are wrong?

Mr. PARKS. I would like Mr. Struthers from the Pacific Rim Trade Association to answer that question. He's from the industry, and more active than I am on figures.

[The statement of Mr. Parks follows:]

STATEMENT OF THE INTERNATIONAL LONGSHOREMEN'S AND WAREHOUSEMEN'S UNION, G. JOHNNY PARKS, NORTHWEST REGIONAL DIRECTOR

The International Longshoremen's and Warehousemen's Union (ILWU) opposes any change in the Morse Amendment of 1969 or any further restrictions on log exports.

The proponents of a "Ban on log exports" have a problem. Everyone realizes that.

However their solution would only increase their own problem and create more problems for more people and the nation.

As a representative of working people if I thought that a ban on the export of logs would:

1. Create more jobs
2. Create more economic stability
3. Reduce the cost of homes to working people
4. Reduce the national trade deficit
5. Stimulate foreign trade

I would join those who propose a ban on log exports.

However the facts are that a ban on logs would do none of these things.

Placing a ban on log exports would result in a direct loss of over 16,000 jobs in Oregon and Washington states alone, with an indirect loss of another 10,000 jobs related and dependent on the export of logs.

These job losses would include loggers, truck drivers, scalers, log yard workers, boom and rafters, tugboatmen, longshoremen etc.

I am much more concerned with working people trying to buy homes at prices they cannot afford in times of persistent unemployment, wage freezes and continued inflation, than I am about mill operators and home builders profits.

And we shouldn't try to fool the public, because that is what we are talking about.

Let us examine those statements.

Lumber prices in the U.S. have taken a sharp increase, because there is a greater demand than there is a supply. That is one fact that is supported by another fact that we import from Canada 23% of all the lumber used in the U.S. for our domestic use.

Our imports from Canada are considerably greater than our exports to Japan.

Therefore while an embargo on logs might lower log prices to the mill operators, it would not bring about lower lumber prices because demand continues to exceed full lumber production by northwest mills.

In fact, lumber prices in the U.S. would skyrocket above what they are now.

Any embargo on the export of logs forcing Japan to change sourcing requirements to Canada would immediately divert the Canadian supply away from the U.S. leaving the U.S. with 23% less lumber than we now have to supply our domestic needs, thus increasing demand over supply by another 23%.

In this case home buyers would suffer more.

Another fact is that 1972 export volume of logs has been blown out of proportion by comparing 1971 exports with 1972 log exports.

Of course there was a sharp increase in 1972. Longshoremen had the ships tied up on the west coast for most of 1971.

Now some of the same people who told the public then that the longshore strike was destroying our trade relations with other countries, namely Japan, are now proposing to do just that themselves.

Banning the export of logs by the longshoremen in 1971 did not reduce lumber prices during that time.

I make those statements because it is reasonable to assume with a housing boom going on in Japan that an embargo on logs may seriously hamper our efforts to persuade the Japanese to increase their purchases of other U.S. exports such as wheat, grass seed and other agricultural products from the northwest.

In the opinion of this union and other unions as well to ban the export of logs would:

1. Hamper our trade relations with Japan;
2. Increase our trade deficit;
3. Damage our port communities;
4. Rob the northwest economy by some 500 million dollars in 1973;
5. Increase lumber prices in the U.S.;
6. Increase the cost of homes;
7. Put thousands of workers on the unemployment rolls.

Finally, Senator, if I may borrow a phrase from the president, I want to make one thing perfectly clear. Some people have characterized the longshoremen's work stoppage today as an attempt to intimidate this subcommittee with a show of force. Please believe me when I say that is not true. Our people wanted to be at the hearing and make their feelings known. We originally thought they would have an opportunity in Washington state where most of them engaged in log export work. We don't known why it was decided to hold the hearings in Oregon where only 13% of the logs exported come from, but since it *was* decided that way, we felt the only way our members could have their chance to be heard and to participate in this democratic process was to give them the time to come these great distances.

Thank you.

Mr. STRUTHERS. There will be testimony from mill owners later on that will show they are at capacity. There are local situations and local mills, we realize, where the situation may not be true, but, generally, across the industry we are facing a national problem; not just a local mill problem.

Senator PACKWOOD. Let me ask you this: assuming there were substantial unused capacity, are there more jobs to be created by exporting logs or are there more jobs to be created by milling lumber?

Mr. PARKS. Well, I first do not agree there's substantial capacity, and one of the graphs that we have documented with statistics in our statement submitted to you indicates that in 1972 the number of jobs in the wood industry and the sawmills is highest—the highest it has been since 1966.

Senator PACKWOOD. Let me come back to that again. I would like you to address yourself to the question of whether there is a substantial unused capacity and the mills could operate more shifts, longer times? Are there more jobs created by milling lumber or——

Mr. PARKS. This is a statistic we never dealt in. We don't have any statistics on it at this time. However——

Senator PACKWOOD. Wait. On this question your answer is you don't know?

Mr. PARKS. Right. I would like to qualify one thing, however. When we are talking about capacity, theoretic mill capacity, are we talking about the economic capacity of the mill, and there's a large difference. It should be defined.

Senator, I think in response to that question, I don't think there's a man in this room who could show anybody that if you ban the

export of logs it would create more jobs. I just don't believe there's anybody here with that kind of crystal, because we do know, however, how many jobs are dependent on log exports, and how many jobs it will destroy. We do know that.

Senator PACKWOOD. Let me ask you this: if we had a guarantee that if we restricted the export of logs to the Japanese that they would buy lumber from us, would you then still oppose this bill?

Mr. PARKS. If you get that kind of insurance in writing, we'll sure take another look at it.

Senator PACKWOOD. Thank you.

Mr. PARKS. It would seem reasonable to assume that with our mills in the Northwest cutting the specifications that the Japanese want, number one; and also having a housing boom in this country today, we can't supply our own domestic needs for whatever reason, and we're importing lumber from Canada at the rate—a much greater rate—than what we're exporting to Japan, but somewhere along the line there is no assurance whatsoever that we're going to export any lumber to Japan. How can we export lumber to Japan or how can we even think of exporting lumber to Japan when we have a housing boom in the United States and we need so much lumber for our own domestic use that we have to import it?

Senator PACKWOOD. How can we think of exporting logs then?

Mr. PARKS. Because the logs have nothing to do with the lumber. I disagree with those people who say that we don't have the logs for the mills, and so does the administration of this country. What they say is what's the problem here? The mills can't get logs, so we'll make the logs available.

Senator PACKWOOD. Let me interrupt you here again. You say you disagree with the statement that there are not enough logs for the mills?

Mr. PARKS. Yes.

Senator PACKWOOD. OK.

Mr. PARKS. Yes; I certainly do, and I think the testimony here today by the people in the industry will bear me out on that. So, the administration has said "Here's the logs, saw them up." Now what's your beef? They also said something else. We may put a few ceilings on prices around here today, and what the homebuilders say at that time now is don't think about that, nothing doing.

Senator PACKWOOD. I'm delighted to have you give that much credence to the administration.

Mr. PARKS. Now, in the opinion of this union, Senator, we feel that a ban on the export of logs would seriously hamper our chances to create a trade relationship that would stimulate Japanese imports of other commodities from the Northwest and the United States, such as wheat and grass seed, agricultural products and so forth. We think it would seriously hamper those trade relations. The things that cause the trade deficit is because we're importing more than we're exporting. The major exports from the Northwest, of course, is wheat and logs. There's no assurances, unless you can find them for me in your Senate bill 1033, that says if we ban the export of logs, we're going to create more jobs.

Senator PACKWOOD. You realize the bill says to the extent that logs are surplus to our domestic needs they can be exported?

Mr. PARKS. Yes. It is a complicated process, in that I don't think it will work. It will get bogged down in some kind of bureaucracy, and there's no assurances in there that it will work. There no insurance in t' 'e, and I heard you make the statement yourself, that it would r the lumber—retail lumber prices, or that it would lower the c of homes in the United States. I don't see any of those assurances in there.

Senator PACKWOOD. Let me go back to surplus log situation. Much of what we have in this bill on surplus logs comes from the British Columbia concept; it is what they do. They don't allow the export of logs unless they are surplus to their own domestic economy, and it seems to work rather well there.

Mr. PARKS. They have a ready market for lumber also, and it happens to be the United States. You are not going to get people to invest millions of dollars and build new sawmills in this country, and gamble on what the future of the lumber needs are. The lumber industry has always had its peaks and valleys. It was only a couple of years ago that the same mill operators were exporting logs themselves, and I would say that if you ask any mill operating and that's been in business any length of time, whether it is a large one or a small one, and if you ask them if they export any logs, and if he's truthful, he would have to tell you yes, because it was the only thing that was keeping him alive in the last couple of years. Lumber markets were down, and they had to export logs to keep up the payments, or they would have gone belly up.

Senator PACKWOOD. Again, we'll come to the surplus provision in the bill, and it seems to be simple, workable, and quick. This is something you are required within 30 days, as with the Department of Commerce, to issue a permit to export logs, if they are surplus to domestic needs and can't dilly-dally on it. There's no intention to prohibit the export of logs in this bill, if they are surplus. As I say, it works in British Columbia; if there is no lumber market here, why, anybody who has logs can export them.

Mr. PARKS. Fine. I say in order to make that work, you would have to have some kind of a system that I have never seen. And to get back to the bureaucracy thing, again, when everybody wants to get into the ball game. I would like to conclude by just saying this: We know what we have now; we're satisfied with the Morse amendment; that allows an allowable thing. We would rather gamble on a good forest program for the future, and we're not willing to gamble, and that's what Senate bil 033 asks us to o, gamble that it will create more jobs, and gamb that it will lower the prices of homes, and so forth. Now, maybe you are willing to gamble with our jobs, our port communities, our trade with other countries, and so forth, but I would like to conclude by saying we're not, and just disfavor Senate bill 1033, and we're not going to take any chances, if we can help it.

Senator PACKWOOD. Let me ask you this, and I want to refresh my memory. As I recall, at the time Senator Morse succeeded having his amendment passed, the longshoremen opposed it?

Mr. PARKS. We certainly did.

Senator PACKWOOD. Now you say it's worked all right?

Mr. PARKS. Right.

Senator PACKWOOD. So, your estimate 5 years ago as to the effect of the Morse amendment was wrong?

Mr. PARKS. Not necessarily. We think it could have been better.

Senator PACKWOOD. How could it have been better?

Mr. PARKS. By having no restrictions whatsoever.

Senator PACKWOOD. But you say it's worked all right?

Mr. PARKS. We've lived with it.

Senator PACKWOOD. OK. I have no other questions. Thank you.

Mr. Emerson Hamilton. If the witnesses can take a look at the witness list and have a rough idea when they are coming up to testify, we can keep this moving a little bit quicker. Mr. Hamilton? He doesn't seem to be here. We'll go to Bronson Lewis. Mr. Lewis?

STATEMENT BY BRONSON J. LEWIS, EXECUTIVE VICE PRESIDENT AMERICAN PLYWOOD ASSOCIATION, TACOMA, WASH.

Mr. LEWIS. Good morning Senator Packwood.

Senator PACKWOOD. Good Morning, Mr. Lewis.

Mr. LEWIS. Senator Packwood, my name is Bronson Lewis. I am executive vice president of American Plywood Association located in Tacoma, Wash. As you know, the association is a nonprofit trade promotion organization. We represent some 80 percent of all the plywood produced on the west coast and in the South. Total production of softwood plywood industries in 1972 was about 18.3 billion square feet, which was a new record, as far as our industry was concerned. That was about 12.8 percent above the previous record of 16.6 billion square feet in 1971, and almost twice the 1972 output—1962 output. It is significant to note that in spite of its substantial investment in new facilities to enlarge capacity, the plywood industry's all-out production efforts in 1971 and 1972 failed to keep pace with demand.

A mounting shortage of plywood and other wood products was accompanied by soaring prices. The issue was complicated by the impact of inappropriate price controls, which acted as additional incentive to further increases in production, having more pressure on prices.

Stumpage costs, under the pressure of high product demand and heavy export buying, have increased dramatically in the west.

Indications of the huge increases in stumpage costs, relating particularly to those areas of western Washington and northwest Oregon from which the greatest volume of log exports has taken place, can be seen in Chart A, attached. Chart A compares average stumpage prices in 1971 and 1972 in thirteen national forests. All 13 show increases, many of them of a staggering nature, such as 275 percent for Mount Baker National Forest, 152 percent for Wenatchee National Forest, and 150 percent for Snoqualmie National Forest.

In spite of sharply increased demand, U.S. Forest Service sale of national forest saw timber declined from 12.3 billion board feet in fiscal year 1970 to 9.3 billion feet in fiscal 1972. The Forest Service saw timbers sold in fiscal 1972 was 2.2 billion board feet under the allowable cut. Chart B shows the decline in sale in Forest Service allowable cut since 1965.

The steps recently announced to increase Federal timber supply in 1973, 1974 and 1975 are in the right direction, but can do little to solve current market problems.

A complicating factor in the whole issue of timber supply is the impact of log exports. A record total of 2.8 billion board feet of logs was exported from the Western States in 1972—13 percent greater than the previous annual high in 1970, and 40.3 percent above the total for 1971. Shipments to Japan represented nearly 91 percent of the 1972 total.

We estimate that 90 percent of our western lumber plants rely in whole or in part on timber from outside sources, principally timbers from Federal forest lands. About 82 percent of all log exports have taken place from public and private lands in Washington State. For most of the 28 plywood mills in the State, timber from Federal lands is the main source of raw material, a source that is becoming increasingly scarce.

Washington State already has more than 3 million acres of land in national parks, national recreation and roadless areas, and has far more commercial forest land restricted from timber management than any other State in the Nation.

Concern for the future timber supply and for the strong influence being exerted on domestic prices by log exports is reflected in a resolution adopted by the board of trustees of American Plywood Association on March 6. The resolution calls for a ban on log exports from western Federal lands, while reaffirming the intent of the Morse amendment restricting exports from such lands, the board recommended that the annual allowable export of unprocessed logs from western Federal lands be reduced from the existing exemption of 350 million board feet to zero.

The board also recommended the adoption of reasonable and workable regulations with respect to the substitution of Federal timber for nonpublic timber sold in export. The ATA trustees further recommended that timber from lands of the Washington State Department of natural resources and Indian lands be excluded from such regulations, and they do that because they recognize a very great difficulty in facing up to that particular problem. We consider it reasonable and workable substitution regulations. Regulations should also prohibit buyers of Forest Service and Bureau of Land Management timber from knowingly selling or exchanging nonexportable logs from any source west of the 100th meridian to parties selling into export or parties barred from bidding on or buying Federal timber because of past violation.

In addition, the Plywood Association feels that substitution regulations should take into account special circumstances with regard to the geographic location of mills.

The American Plywood Association also recommends establishment of an impartial hearing and appeal procedure to deal with alleged violations of substitution regulations.

Finally, the American Plywood Association believes that the legislation reducing log exports from Federal forest lands to zero should include direction to the President's counselor on natural resources to prepare a substitution regulation.

The softwood plywood industry in the Pacific Northwest has a special interest in the disposition of the 350 million board feet of timber that currently is allowed to go into export from western Federal lands. When the 350 million board feet export limitation was assigned to various lands, the Federal forest lands in Washington State were allocated 182 million of the 350 million.

The elimination of exports from western Federal lands should immediately result in an increase in the amount of timber available for domestic purchase. Another advantage would be to end a practice followed by some exporters of buying nonexportable Federal timber and trading it for exportable timber held by domestic mills. The threat would be eliminated of running the price up to the point where the domestic purchaser is forced to sell into export any nonrestricted timber he may have purchased, and which he would prefer to use domestically.

Softwood plywood manufacturers dependent in whole and part on Federal timber from western Washington and northwest Oregon are most seriously affected by the depletion now taking place in their log inventories, a trend which is accelerating.

The relief derived from a ban on Federal log exportation would at least slow this trend.

A recent survey of APA western members showed that the average log inventory in December of 1972 was a 21 months' supply.

Senator PACKWOOD. Let me interrupt you there. I have the same question I posed to the industry panel in Washington last month. If it's good to remove the 350-million-board-feet limit under the Morse amendment and take it down to zero, why is it not equally good to apply the restriction to private and State lands?

Mr. LEWIS. It might be very well good, Senator, but as I told you in Washington, and I repeat to you again, we're trying to look at the practicality of what we think could be achievable now, and, frankly, we don't come to that conclusion. That's why we asked for zero.

Senator PACKWOOD. Let me pursue that a moment: the practicality of what can be achieved now. If a restriction could be applied on State lands and Federal lands, and it was achievable now, would that be good?

Mr. LEWIS. Now, perhaps you misunderstood my point, Senator. From a practical standpoint, I'm talking about the plywood industries representing over 80 percent of plywood producers, as you well know. That represents the very largest to the very smallest. We have a very great difficulty in an industry, and it is with only the greatest diligence and effort that we arrived at a position supporting the zero export of Federal timber. It is a position that those on both sides could agree to, and did take a strong stand on.

Senator PACKWOOD. Then the pragmatics that you are talking about is the internal workings of the plywood association.

Mr. LEWIS. I'm talking about the plywood industry.

Senator PACKWOOD. They are unable to come to any position on a restriction on State lands or private lands.

Mr. LEWIS. That's correct, Senator.

Senator PACKWOOD. Thank you.

Mr. LEWIS. We feel it is mandatory that we do take the position, and we have taken the position after consultation amongst the total

industry, without resorting to no position at all, and we have typed a compromise that gives for both sides at least a forward step in attempting to stop this train of—what we consider to be a serious export problem.

Senator PACKWOOD. Bronson, do you have, apart from your position in the plywood business, a personal view that you would like to offer on restrictions on private and State lands?

Mr. LEWIS. Well, Senator, I'm sure you realize that I am interested in the greatest amount of timber to the plywood industry that will support those bills, and supply a reasonable price for the product to the consuming public.

Senator PACKWOOD. I understand that answer. Thank you.

Mr. LEWIS. If I might conclude, in final paragraph, a recent survey of APA western members showed that the average log inventory in December 1972 was a 21 months' supply. Under normal circumstances to carry out road construction, allow for correct timber mix and provide for orderly harvesting, a 3-year inventory is considered necessary.

We see nothing but a decline inventory as far as smaller mills are concerned, and that's why particular concern about something being done on the Federal timber itself is necessary, which is the main source of supply for our smaller and independent operators.

I would like to, before I conclude, I would like to take exception to the point that exporting of logs as supplied from a plant in our position would be more to the benefit of the community than processing finished goods. I just happen to have the Forest Service's report; not done by any industry people values in employment associated with the "Pacific Northwest Logging Export to Japan," done by Thomas C. Adams and Thomas Hampton, of the Northwest Forest Service.

I would only refer to you in that particular document they have a bar chart, and it's interesting to note that they list log exports and for every 1,000 board feet that's involved in log exports, that's related to 3.01 man-hours; for veneer, plywood, and sawmills they have a relationship which is 15.85 man-hours per thousand board feet.

Senator PACKWOOD. Five times as many man-hours?

Mr. Lewis. At least five times, yes. That's the conclusion of my statement, Senator.

Senator PACKWOOD. Just a second: I want to ask you a couple of questions, Bronson. In talking with the members of the American Plywood Association, have you discussed the potential of marketing plywood in Japan?

Mr. LEWIS. Yes. We have at some length, and in fact I have maintained a promotion position in Japan for some years. Up until this past year, the Japanese have not purchased any finished plywood. They are at the present time buying some limited amounts of plywood.

Senator PACKWOOD. Do you think, Bronson, if they were restricted in their access to logs that it would increase use of your plywood in Japan?

Mr. LEWIS. No question about it, Senator.

Senator PACKWOOD. Thank you.

[The complete statement of Mr. Lewis follows.]

STATEMENT BY BRONSON J. LEWIS, EXECUTIVE VICE PRESIDENT, AMERICAN PLYWOOD ASSOCIATION

I am Bronson J. Lewis, Executive Vice President of the American Plywood Association, Tacoma, Washington. The Association is a nonprofit trade promotion organization representing softwood plywood producers with 150 plants in 18 states. The member companies of the Association produce approximately 80 percent of the nation's softwood plywood.

The total softwood plywood industry, consisting of 190 plants under 100 or more different ownerships, is characterized by its wide diversity. There are several large corporate ownerships, a number of medium-sized companies and an even larger number of small-sized independent and worker-owned manufacturing facilities.

The industry has grown to national stature from a handful of mills in the Pacific Northwest in the late Twenties and early Thirties. Growth has been particularly impressive in the last 10 years, in response to ever-increasing demand nationally for plywood products of many different types. The total production of softwood plywood in 1972 was a record 18.3 billion square feet (⅜-inch basis)—12.8 percent above the previous record total of 16.6 billion square feet in 1971, and almost twice the 1962 output.

DECLINING TIMBER SUPPLY, INCREASED STUMPAGE COSTS, MOUNTING DEMAND

It is significant to note that in spite of its substantial investment in new facilities to enlarge capacity, the plywood industry's all-out production efforts in 1971 and 1972 failed to keep pace with demand.

A mounting shortage of plywood and other wood products was accompanied by soaring prices. The issue was complicated by the impact of inappropriate price controls, which acted as a disincentive to further increases in production, adding more pressure on prices.

Stumpage costs, under the pressures of high product demand and heavy export buying, have increased dramatically in the West.

Indications of the huge increases in stumpage costs, relating particularly to those areas of Western Washington and Northwest Oregon from which the greatest volume of log exports has taken place, can be seen in Chart A, attached. Chart A compares average stumpage prices in 1971 and 1972 in 13 National forests. All 13 show increases, many of them of a staggering nature—such as 275 percent for Mount Baker National Forest, 152 percent for Wenatchee National Forest, and 150 percent for Snoqualmie National Forest.

The impact of this type of stumpage cost increase on plywood producers in Western Washington and Western Oregon has been severe, and is dealt with in more detail in other parts of this testimony.

The underlying causes of the current wood products price/supply problems are to be found in conflicting federal policies which on the one hand have fostered an economic climate in which new home construction has reached all-time records, and on the other hand have stimulated an artificial timber shortage by progressively severe restrictions in timber sale offerings from federal lands.

In spite of sharply increased demand, U.S. Forest Service sale of National forest sawtimber declined from 12.3 billion board feet in fiscal year 1970 to 9.3 billion feet in fiscal 1972. The Forest Service sawtimber sold in fiscal 1972 was 2.2 billion board feet under the allowable cut. Chart B shows the decline in sale in Forest Service allowable cut since 1965.

The steps recently announced to increase federal timber supply in 1973, 1974 and 1975 are in the right direction, but can do little to solve current market problems.

WHY IS FEDERAL LAND UNDER-MANAGED?

Uncertainty about timber supply is the number one concern for plywood producers, and for all segments of the wood products industry. Federal lands contain 58 percent of all of the nation's softwood sawtimber. These lands are not being managed to anything like their real potential, for three reasons:

1. The pressure being applied by preservationists through Congress and the courts to stop or delay sales of timber from the public lands.

2. Lack of funding in Forest Service programs. (It has been estimated that the total amount now available for federal forest management, including

reforestation, averages slightly less than $7 per thousand board feet. Yet the average value of timber cut is now around $30 per thousand, and the trend is upward. Each dollar appropriated for timber sales, therefore, results in receipts to the people at more than four times the amount expended on forest management and renewal.)

8. An increasing workload on the Forest Service, further inhibiting the ability of staff to adequately manage and develop forest lands. This load is associated primarily with environmental considerations.

RELATIONSHIP OF LOG EXPORTS

A complicating factor in the whole issue of timber supply is the impact of log exports. A record total of 2.8 billion board feet of logs was exported from the Western states in 1972—13 percent greater than the previous annual high in 1970, and 40.3 percent above the total for 1971. Shipments to Japan represented nearly 91 percent of the 1972 total.

The subject is controversial, with strong arguments on both sides of the case. On the positive side, the owners of exported timber benefit from the high sales price through their greater ability to invest in intensive forestry. This helps the overall timber supply. Benefits to the nation in terms of the international balance of trade also are obvious.

The many wood products companies without timberlands of their own are, however, in a vastly different situation. These companies are compelled to bid for all or part of their domestic log supply against export buyers. In some recent public timber sales, the winning bid to export buyers has been at least four times the appraised value—an indication of the kind of competition facing wood products manufacturers in their efforts to maintain a raw material supply.

Many buyers, in fact, are being priced out of the stumpage market.

At a March 28 Forest Service timber sale on the Gifford Pinchot National Forest, six domestic bidders came away without any timber after the winning bid went to an export firm.

The exporter's successful bid was $364.50 per thousand bd. ft. for Douglas fir against a minimum appraised price of $103.12, and $295.50 per thousand for hemlock and others against a minimum appraised price of $77.14. Further details of this sale are shown in Chart C.

Also shown, as Charts D, E, F and G, are tabulations of timber sales in the October-November-December period of 1972. The tables show the steady trend toward higher prices on Forest Service timber and the pressure brought to bear by exporters.

On each sale, only the successful bidder is listed and it is highly likely that one or more exporters were bidding on every sale. Even those companies with a major investment in mill facilities and a shortage of timber for their own use are forced to bid export prices, and export that volume exempted, to successfully compete.

While these examples are mainly from the State of Washington, there have been many similar instances in Western Oregon and Northern California, where the influence of log exports has also been a serious problem.

We estimate that 90 percent of our Western member plants rely in whole or in part on timber from outside sources—principally timber from federal forest lands. About 82 percent of all log exports have taken place from public and private lands in Washington State. For most of the 28 plywood mills in the State, timber from federal lands is the main source of raw material—a source that is becoming increasingly scarce.

Washington State already has more than three million acres of land in National Parks, National Recreation and wilderness areas, and has far more commercial forest land restricted from timber management than any other state in the nation.

APA BOARD RESOLUTION

This concern for future timber supply, and for the strong influence being exerted on domestic prices by log exports, is reflected in a resolution adopted by the Board of Trustees of the American Plywood Association on March 6. The resolution calls for a ban on log exports from Western federal lands. While reaffirming the intent of the Morse Amendment restricting exports from such lands, the Board recommended that the annual allowable export of unprocessed logs from Western federal lands be reduced from the existing exemption of 350 million board feet to zero.

THE SUBSTITUTE ISSUE

The Board also recommended the adoption of reasonable and workable regulations with respect to the substitution of federal timber for non-public timber sold in export. The APA Trustees further recommended that timber from lands of the Washington State Department of Natural Resources and Indian lands be excluded from such regulations.

STATE SALES

The exclusion from substitution regulations of State of Washington public lands is regarded as vital by many of our manufacturers. There are no regulations controlling export of timber from Washington Department of Natural Resources lands. (A referendum seeking such controls was decisively defeated by state electors in 1968.) As matters stand, plywood plants have occasionally been able to buy State sales in competition with export buyers. They have been able to do this by exporting a portion of the sale, and retaining a portion for use in their own plants. Inclusion of Department of Natural Resources lands in a substitution regulation would work a hardship on these companies, who are striving by all legitimate means to retain a wood supply.

Chart H shows the results of a Washington Department of Natural Resources timber sale sold February 27, 1973. The eight million foot sale was appraised at $674,965 and sold for $2,519,125 or $301.87 per thousand board feet for the entire sale, all species and grades.

Obviously if one compares that price with the average paid for species used by the plywood industry in Chart K much of this wood will have to go export. On this sale there were 10 bidders—six were APA members and four were exporters. One of our members bought the sale.

One of the APA members bought the sale after successfully competing with several exporters. Because of the high price paid for the timber, much of it will have to be exported so that the purchaser can break even. Some timber will be used to make plywood here.

If a substitution regulation were promulgated that prohibited the purchase of federal timber to all who export Washington Department of Natural Resources timber, then this purchaser would have to choose between buying State of Washington timber or U.S. Forest timber. Many APA members now buy from both sources.

INDIAN LANDS

A similar situation exists with regard to Indian lands. These lands are held in trust for a particular tribe or tribes, and administered by the Bureau of Indian Affairs or other branches of the federal government. As the lands are not federally owned, they are not subject to the restrictions of the Morse Amendment. Timber from Indian lands is usually sold to the highest bidder at public auction. Ability to export part of the volume allows our members at least some chance of competing with the exporters, and periodically to buy a sale.

If Indian timber were to be treated in the same way as other nonfederal timber from the standpoint of substitution, many of our companies would have to choose between buying either that timber or strictly federal timber. Both parties would suffer in such a situation—the company by having less timber available, and the Indians by having less competition and perhaps lower receipts from timber sales.

"Reasonable and workable substitution regulations," as envisioned by the APA Board resolution, should include authorization to export unprocessed U. S. Forest Service and Bureau of Land Management logs that have been declared to be surplus to domestic needs after appropriate public hearings.

Regulations should also prohibit buyers of Forest Service and Bureau of Land Management timber from knowingly selling or exchanging non-exportable logs from any source west of the 100th meridian to parties selling into export or parties barred from bidding on or buying federal timber because of past violation.

In addition, the Plywood Association feels that substitution regulations should take into account special circumstances with regard to the geographic location of mills. A company might own timber in Washington that it wished to export. At the time it might operate a mill in California for which an adjacent federal timber supply was the logical raw material source. Both

alternatives should be open to the company in such a case, the Association feels.

The American Plywood Association also recommends establishment of an impartial hearing and appeal procedure to deal with alleged violations of substitution regulations.

Finally, the American Plywood Association believes that legislation reducing log exports from federal forest lands to zero should include direction to the President's Counsellor on Natural Resources to prepare a substitution regulation.

SPECIAL INTEREST IN EXPORT TIMBER

The softwood plywood industry in the Pacific Northwest has a special interest in the disposition of the 350 million board feet of timber that currently is allowed to go into export from Western federal lands. When the 350 million bd. ft. export limitation was assigned to various lands, the federal forest lands in Washington State were allocated 182 million of the 350 million. As Chart I, attached, shows, the volume exempt from export restriction was not evenly distributed throughout the West but was allocated mainly to the west side of the Cascades in Washington and Oregon. In fact, the four predominantly Douglas fir forests in the State of Washington received the lion's share with a 166 million ft. exemption.

The elimination of exports from Western federal lands should immediately result in an increase in the amount of timber available for domestic purchase. Another advantage would be to end a practice followed by some exporters of buying non-exportable federal timber and trading it for exportable timber held by domestic mills. The threat would be eliminated of running the price up to the point where the domestic purchaser is forced to sell into export any nonrestricted timber he may have purchased, and which he would prefer to use domestically.

Softwood plywood manufacturers dependent in whole or in part on federal timber from Western Washington and Northwest Oregon are most seriously affected by the depletion now taking place in their log inventories—a trend which is accelerating.

Chart J shows that the amount of timber under contract in the National forests of Washington and Oregan has fallen somewhat from 1971 to 1972. It indicates that operators are using up their log inventories in their efforts to meet market demand. A survey of the plywood industry shows this trend to an even greater degree.

A recent survey of APA Western members showed that the average log inventory in December 1972 was 21 months' supply. Under normal circumstances to carry out road construction, allow for correct timber mix and provide for orderly harvesting, a three-year inventory is considered necessary.

Chart K gives the average stumpage prices for sawtimber sold on National forests, listed by species most used in the softwood plywood industry. It shows that prices for Douglas fir and Western hemlock are now approaching the previous peak of spring 1969, when stumpage went to record highs in response to demand. The average price of Noble fir is over twice the 1969 average.

TIMBER IS OUR ONLY RENEWABLE RESOURCE

The need for further restriction of log exports as suggested by APA must be seen as just one step toward the goal of dramatically improving our national timber supply on a long range basis.

The Chief of the Forest Service has said that the harvest from the National forests could be more than 50 percent increased in this decade under a balanced program of resource development and use. Unfortunately, funds have not been provided to administer such a program. The lack of funding for management of lands administered by the Forest Service is no less than scandalous neglect of our only renewable resource.

The average annual net investment in the National forests is only about $1 per acre. It comes as no surprise, therefore, that there are 4.8 million acres of land on the National forests needing reforestation, and more than 13 million acres needing timber stand management. Rapid regeneration of this unforested land would immediately increase the timber available.

TIMBER STAND IMPROVEMENT

Timber stand improvement is another silvicultural practice which can increase timber availability relatively rapidly. Two treatments are especially desirable:

1. Thinning
2. "Release" of productive forest land through removal of competing vegetation.

Currently there is a backlog of about 9.1 million acres of Forest Service land where thinning work is needed. Stands of trees are so overstocked in some situations that only a fraction of the possible growth is being realized. Thinning cuts, to utilize small trees in a stand before the final harvest cut, usually start when trees are 30 years old.

An additional 30 percent fiber yield can be attained by thinning at five-year intervals beginning in 30 years and making a final harvest in 60 to 70 years.

According to the Forest Service, there are 4.3 million acres of productive forest land, stocked with undersirable tree species, where growth is not achieveing potential because of competing vegetation. Removal of this competition would immediately result in growth increases, and raise the amount of available timber.

Cost of regeneration, thinning and release for an estimated 18 million acres was assessed at $900 million in 1969. However, a Congressional committee noted that the resulting increased harvests would return this amount in a short time and continue to yield an additional income of $150 million per year, at 1968 stumpage rates. At today's rates, income would be much higher.

While on the subject of investment and forest improvement, I cannot criticize too strongly the fact that in spite of all the evidence of the need for more wood, the Administration has reduced the reforestation and timber stand improvement budget for fiscal 1974 from $23.1 million to $14.5 million—a 37 percent cut!

THE NEED FOR A NEW APPROACH

A conservative estimate by the Forest Service is that demand for wood will reach a volume 1.6 times higher than that of 1970 by the year 2000—a year in which housing starts are likely to be near the three million mark. And yet in the boom year of 1972 the wood products industry could not come close to the needs of a 2.4 million housing starts rate, even with new records in wood products production.

According to the 1970 Timber Review—a Forest Service projection of trends through the end of the present century—"only modest increases in timber harvests will be available in the next few decades, with current levels of forest management for timber production. Inadequate supplies of timber to meet rising demands will lead to consequent increases in prices of timber and timber products."

We *must not* be satisfied with current levels of management on our federal forest lands. Our forest lands are capable of meeting both present and future needs, *if they are properly managed.*

A new sense of direction is required to assure that the federal lands—storehouse of more than half the nation's softwood sawtimber—are allowed to realize their full potential. This can be done with ample provision for all values—timber production, development of recreational facilities to benefit larger numbers of citizens, and safeguarding of wildlife and the scenic environment.

Timber *is* our only renewable resource, but the job cannot be left to nature alone. The Administration and the Congress must be awakened to their responsibility for providing the money and incentives that will assure a future wood supply for all the people of America.

These are long range goals. Equally vital, from the standpoint of maintaining a healthy softwood plywood industry in the Pacific Northwest, is the need for an immediate halt to log exports from Western federal lands.

If a position of zero exports from federal lands is adopted, as recommended by the American Plywood Association, with "reasonable and workable" arrangements for substitution, there will be an immediate increase in the amount of timber available for domestic purchase. There will also be substantially less pressure on the price of National forest stumpage, and correspondingly less pressure on the domestic wood products marketplace.

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ATTACHMENTS

Chart A—Comparison, 1971 and 1972 average stumpage prices, National Forests with export exemption in Region 6.
Chart B—National Forest Sawtimber Sales and Cuts, fiscal years 1965 through 1973.
Chart C—Whalehead Timber Sale, Gifford Pinchot National Forest, March 21, 1973.
Charts D, E, F, G—Timber sales in four Washington State National Forests, October–December 1972.
Chart H—Langdon Creek Flyer Timber Sale, Washington State Department of Natural Resources, February 27, 1973.
Chart I—Allocation of exempt volume under Morse Amendment.
Chart J—Timber under contract, 1971 and 1972, Washington and Oregon National Forests with export exemption.
Chart K—Average stumpage prices for sawtimber sold on National Forests by species most used in the plywood industry.

CHART A

COMPARISON BETWEEN 1971 AND 1972 AVERAGE STUMPAGE PRICES FOR THOSE NATIONAL FORESTS WITH EXPORT EXEMPTION IN REGION 6

[In dollars per thousand board feet]

National forests	1971	1972	Percentage increase between 1971 and 1972
Gifford Pinchot	37.35	73.82	+98
Mount Baker	13.62	54.14	+275
Okanogan	12.03	18.64	+55
Olympic	21.31	38.45	+80
Snoqualmie	22.76	54.84	+150
Wenatchee	4.20	10.59	+152
Deschutes	26.40	29.22	+11
Mount Hood	27.97	46.05	+65
Rogue River	41.40	48.79	+17
Siskiyou	34.94	67.45	+93
Siuslaw	45.70	61.53	+34
Umpqua	31.79	49.77	+57
Willamette	37.37	63.49	+70

Source: U.S. Forest Service, Region 6.

CHART B

NATIONAL FOREST TIMBER SALES AND CUTS, SAWTIMBER (ONLY)—FISCAL YEARS 1965 THROUGH 1973

Fiscal year	Allowable cut as of Jan. 1	Volume of timber sold (millions of board feet) [1]			Volume of timber cut (millions of board feet) [1]		
		Planned	Actual	Percent accomplishment	Planned	Actual	Percent accomplishment
1965	11,094	10,934	10,695	98	10,722	10,563	98
1966	11,292	10,683	10,518	98	11,002	11,374	103
1967	11,391	11,087	10,626	96	11,096	10,002	90
1968	11,429	10,773	10,818	100	11,781	11,316	97
1969	11,532	11,031	[2] 9,152	83	11,926	10,918	92
1970	11,545	12,754	12,331	97	12,795	10,534	83
1971	11,544	11,510	9,873	85	12,787	9,373	73
1972	11,538	10,470	9,295	88	[3] (12,600)	10,692	84
1973	NA	(10,800)	(9,000)	(73)	(12,600)	(11,000)	(87)

[1] After deduction of 8.75 billion fbm of Juneau unit sale in Alaska.
[2] Local scale.
[3] Figures in parentheses are estimates.

Source: Forest Service Timber Sale Accomplishment Reports fiscal year 1965 through fiscal year 1970. Direct inquiries to Forest Service for fiscal year 1971 and 1972. Fiscal year 1973 performance is estimated.

CHART C

Whalehead Timber Sale, Randle Ranger Station, Gifford Pinchot National Forest, March 28, 1973

Species	Douglas fir	Hemlock and others	Per acre material	Tota
Volume—thousand board feet	4,500	6,600	161AC	11,100+161AC
Minimum appraised price	$103.12	$77.14	$36.35	$979,016.35
Domestic bidder	103.12	77.14	36.35	979,016.35
Do	280.00	256.00	36.35	2,955,452.35
Do	103.12	77.14	36.35	979,016.35
Do	105.00	80.00	36.35	1,006,352.35
Do	682.00	77.14	36.35	3,583,976.35
Exporter	388.50	279.00	36.35	3,595,502.35
Domestic bidder	103.12	77.14	36.35	979,016.35
Exporter	103.12	77.14	36.35	979,016.35
Do	200.00	255.00	36.35	2,568,852.35
Exporter[1]	364.50	295.50	36.35	3,596,402.35
Exporter	103.12	77.14	36.35	979,016.35
Domestic bidder	103.12	77.14	36.35	979,016.35
Exporter	325.00	260.00	36.35	3,184,352.35
Do	406.00	280.50	36.35	3,552,152.35

[1] This sale has an export exemption of 6,000 M fbm.

CHART D

TIMBER SALES GIFFORD PINCHOT NATIONAL FOREST—OCTOBER, NOVEMBER, AND DECEMBER 1972

Date	Name of sale	Volume, thousand board feet	Appraised price	Bid price	Bid ratio	Name of purchasers
Oct. 4	Crater	8,300	553,098.00	762,951.00	1.38	Caffall Bros.[1]
Do	Goat Point	3,500	229,698.00	229,698.00	1.00	Caffall Bros.[1]
Oct. 25	Wish	1,250	97,957.00	133,407.00	1.36	Multnomah Plywood.
Nov. 8	Hill	12,700	867,082.00	1,450,940.00	1.67	Cascade Locks Lumber Co.
Do	Bee	1,230	86,542.70	103,999.70	1.20	SDS Lumber Co.
Dec. 6	Allen	6,100	364,477.00	1,231,783.00	3.38	Van Port Manufacturing.[1]
Do	Elk Ridge	10,900	322,194.00	830,289.00	2.58	Cowlitz Stud Co.
Dec. 13	Pass	14,000	973,568.00	3,656,702.00	3.76	Van Port Manufacturing.[1]
Dec. 14	Rush	13,040	1,089,294.40	1,512,226.40	1.39	Stevenson Co.-Plywood.
Dec. 15	Stack	1,360	85,882.00	8,603.30	1.00	Lyle Wood Products.
Do	Hendricks	9,400	647,902.00	828,839.00	1.28	Packwood Lumber.
Dec. 21	Pine	6,200	534,495.00	787,089.00	1.47	Fort Vancouver Plywood.
Dec. 20	Ole	1,450	65,559.90	77,870.90	1.19	Wilkin-Kaiser-Olsen.
Dec. 21	Basket	3,800	173,138.00	177,888.00	1.03	Astoria Plywood.
Do	Cabin	5,100	250,235.00	287,426.00	1.16	Do.
Dec. 22	Catch	3,900	222,371.00	394,744.00	1.78	Wasser Winter.[1]
Do	House	6,800	537,381.00	683,767.00	1.27	Multnomah Plywood.
Dec. 29	Spook	8,600	652,613.00	1,085,085.00	1.66	SDS Lumber Co.
Dec. 28	Woolly	4,300	282,519.00	625,639.00	1.86	D. & R. Timber Co.[1]
Do	Blue	11,500	235,535.00	691,367.00	2.99	Van Port Manufacturing.[1]
Do	Watchman	5,500	223,707.00	314,070.00	1.40	Astoria Plywood.

[1] Major business is log export.

Source: U.S. Forest Service: National Forest Timber Sales, Region Six, 2490.

CHART E

TIMBER SALES, MOUNT BAKER NATIONAL FOREST—OCTOBER, NOVEMBER, DECEMBER 1972

Date	Name of sale	Volume, thousand board feet	Appraised price	Bid price	Bid ratio	Name of purchasers
Oct. 26	Lener	3,590	126,311.45	193,570.45	1.53	Mount Baker Plywood.
Nov. 2	East Finney	12,000	56,188.40	60,925.70	1.08	Evergreen Helicopter.
Nov. 22	Huckleberry	1,100	62,676.40	94,289.20	1.50	Point Gardner Timber.[1]
Dec. 7	Overlook	1,950	115,550.20	161,018.30	1.39	Weiss Lumbering Co.
Dec. 13	Sagaison Ridge	8,790	158,077.00	680,328.00	4.37	Summit Timber Co.[1]
Dec. 14	Big Foot	3,850	186,829.00	349,552.00	1.87	F. R. Bradley Logging Co.[1]
Dec. 21	Flyaway	5,000	88,417.60	88,417.60	1.00	Evergreen Helicopter.
Do	Little Deer Peak	15,700	555,778.85	1,984,654.85	3.50	Point Gardner Timber.[1]
Do	West Dart	2,000	62,613.50	196,187.00	3.13	Miller Shingle Co.
Dec. 28	Rotary	3,190	128,728.20	416,883.00	3.24	F. R. Bradley Logging Co.[1]
Do	Green Boundary	2,970	137,883.50	421,303.50	3.06	Miller Shingle Co.

[1] Major Business is log export.

Source: U.S. Forest Service: National Forest Timber Sales, Region Six, 2490.

CHART F

TIMBER SALES, OLYMPIC NATIONAL FOREST—OCTOBER, NOVEMBER, DECEMBER 1972

Date	Name of sale	Volume, thousand board feet	Appraised price	Bid price	Bid ratio	Name of purchasers
Nov. 8	Bid Bird Vertical	13,617	176,852.88	716,300.88	4.05	ITT Rayonier, Inc.
Nov. 15	Cool Creek	9,435	57,992.00	69,695.00	1.20	M & R Timber, Inc.[1]
Do	Upper West Goodman	17,580	541,813.80	705,639.80	1.30	Everett Plywood Co.
Nov. 17	East Fork Ridge	2,600	61,928.00	62,258.00	1.01	Publishers Forest Products.
Dec. 20	Middle Salmon, South	6,000	196,472.00	196,472.00	1.00	ITT Rayonier, Inc.
Dec. 22	Raft Ridge Extension	10,900	516,494.00	694,722.00	1.35	Do.
Do	Sam's Charlie	13,300	748,019.00	895,371.00	1.20	F. R. Bradley Log Co.[1]
Dec. 27	Big Foot Salvage	2,328	66,922.16	130,063.16	1.94	Seaboard Lumber Co.
Do	Salmon Creek Int	1,150	8,614.30	19,102.70	2.22	M & R Timber, Inc[1]
Dec. 28	Hinkle Knot Mountain	2,314	88,118.21	88,118.21	1.00	Do
Do	Mount Walker Int	1,700	51,511.00	51,511.00	1.00	Ervin Kelly Log Co[1]
Dec. 29	Pyramid Mountain	14,828	603,137.08	1,340,956.08	2.22	Everett Plywood Co

[1] Major business is log export.

Source: U.S. Forest Service: National Forest Timber Sales, Region Six, 2490.

CHART G

TIMBER SALES, SNOQUALMIE NATIONAL FOREST—OCTOBER, NOVEMBER, DECEMBER 1972

Date	Name of sale	Volume, thousand board feet	Appraised price	Bid price	Bid ratio	Name of purchasers
Oct. 13	East Valley Shelterwood	2,200	122,746.00	135,187.00	1.10	Cheney Lumber Co.
Do	Baring Salvage	1,390	97,464.50	113,458.50	1.16	Seattle Snoqualmie, Mill Co.
Oct. 12	Sawmill	10,100	369,857.00	369,876.00	1.00	Boise Cascade Corp.
Do	Swamp Devil	1,000	33,118.20	33,122.80	1.00	Layman Lumber Co.
Nov. 17	Carbon Ridge Blowdown	8,700	251,641.00	637,363.00	2.53	Point Gardner Timber.[1]
Do	3d of July	4,150	166,585.00	477,625.50	2.87	Point Gardner Timber.[1]
Dec. 1	Handsome Blowdown	1,520	58,699.90	100,805.50	1.72	D. & R. Timber Co.[1]
Do	West 28 Mile	6,500	259,861.00	476,260.00	1.83	Point Gardner Timber.[1]
Do	Cappy	1,770	107,992.80	159,561.50	1.48	Welco Lumber Co.
Dec. 8	Fire Creeks	11,600	614,374.00	1,110,110.00	1.81	Seaboard Lumber Co.
Do	Sky Hi	5,900	271,906.00	293,515.00	1.08	Mount Baker Plywood.
Dec. 18	Lost Bear	1,000	32,482.20	32,482.20	1.00	Layman Lumber Co.
Dec. 22	Schneider Springs	7,900	321,007.00	321,007.00	1.00	Layman Lumber Co.
Dec. 29	Cady	2,200	150,729.00	241,762.00	1.60	Transcontinental Log.[1]
Do	Dry Creek	4,200	215,325.00	879,185.00	4.08	West Coast Orient.[1]
Do	Martha	5,[illegible]	335,710.50	1,108,094.50	3.30	Trail Timber Co.[1]
Do	Clearace	[illegible]	79,758.00	291,909.00	3.66	West Coast Orient.[1]
Dec. 28	North Fork	7,000	321,003.00	321,045.00	1.00	Layman Lumber Co.
Do	Sam's Creek	4,700	235,616.00	235,674.00	1.00	Boise Cascade Corp.

[1] Major business is log export.

Source: U.S. Forest Service: National Forest Timber Sales, Region Six, 2490.

CHART H

LANGDON CREEK FLYER TIMBER SALE, DEPARTMENT OF NATURAL RESOURCES, CASTLEROCK, WASH., FEBRUARY 27, 1973

Species	Douglas fir	Hemlock white fir	Cedar	White pine	Total
Volume—thousands of board feet	3,840	4,320	810	5	8,345
Minimum appraised price	$95.50	$89	$55.50	$35	$674,965
Domestic bidder	95.50	69	55.50	35	674,965
Do	253.00	253	55.50	35	2,074,645
Do	155.00	68	55.50	35	1,046,485
Domestic bidder[1]	307.00	308	55.50	35	2,519,127
Exporter	95.50	69	55.50	35	674,965
Domestic bidder	95.50	69	55.50	35	674,965
Exporter	130.00	132	55.50	35	1,078,645
Do	300.00	300	55.50	35	2,458,165
Domestic bidder	95.50	69	55.50	35	674,965
Exporter	307.00	307	55.50	35	2,515,285

[1] This is a State of Washington timber sale and there is no restriction on export.

CHART I

Allocation of Exempt Volume Under Morse Amendment

(In million board feet)

	Volume timber
Federal agency:	
Bureau of Land Management (Oregon)	60
National Forest—Oregon:	
Mount Hood National Forest	49
Willamette National Forest	19
Siuslaw National Forest	9
Des Chutes National Forest	4
Rogue River National Forest	1
Siskiyou National Forest	3
Umpqua National Forest	3
Total Oregon National For	88
Total all Federal	148
National Forest—Washington:	
Mount Baker National Forest	26
Snoqualmie National Forest	43
Gifford Pinchot National Forest	64
Olympic National Forest	33
Wenatchee National Forest	14
Okanogan National Forest	2
Total Washington National Forest	182
Total National Forest	270
Total all Federal	350

Source: U.S. Forest Service.

CHART J

TIMBER UNDER CONTRACT 1971 AND 1972, NATIONAL FOREST WITH EXPORT EXEMPTION, WASHINGTON AND OREGON

[Thousand board feet]

	Allow cut, Jan. 1, 1971	Under contract, Dec. 31, 1971	Sold, 1972	Cut, 1972	Under contract, Dec. 31, 1972
Washington forests:					
Gifford Pinchot	416.4	1075.5	420.1	434.6	1061.0
Mount Baker	164.3	303.4	136.2	174.7	264.9
Okanogan	88.1	285.7	100.8	111.8	274.1
Olympic	371.4	682.6	367.5	275.7	774.4
Snoqualmie	214.3	642.4	240.4	211.4	671.4
Wenatchee	125.2	415.1	83.7	153.3	345.5
Total Washington	1379.7	3404.7	1348.7	1361.5	3391.3
Oregon forests:					
Deschutes	138.0	466.5	141.4	187.1	420.8
Mount Hood	330.0	855.1	493.1	421.8	916.4
Rogue River	176.4	399.0	169.7	248.7	320.0
Siskiyou	190.9	485.4	252.1	288.6	448.9
Siuslaw	348.0	901.8	405.1	393.4	913.5
Umpqua	357.0	995.0	392.1	466.6	920.5
Willamette	622.6	1852.0	825.7	897.8	1779.9
Total Oregon	2162.9	5954.8	2669.2	2904.0	5720.0
Total	2454.5	9073.8	3917.1	4153.7	8837.2

Source: U.S. Forest Service, Region 6, Portland, Oreg.

CHART K

AVERAGE STUMPAGE PRICES FOR SAWTIMBER SOLD ON NATIONAL FORESTS BY SPECIES MOST USED IN PLYWOOD INDUSTRY

Year	Douglas-fir, West Side	Western hemlock	Noble fir, shasta red fir	Other true firs
1959	36.80	11.00	14.50	11.10
1960	32.00	10.50	15.90	9.80
1961	27.60	9.70	18.00	6.10
1962	24.80	8.90	12.20	6.00
1963	28.00	10.40	13.00	6.00
1964	38.10	13.30	18.80	10.30
1965	42.60	19.10	20.90	10.20
1966	50.00	20.60	28.80	12.40
1967	41.70	21.80	20.40	12.90
1968	61.20	35.60	38.60	31.20
1969	82.20	45.10	46.10	42.60
1970	41.90	20.50	15.10	11.80
1971	49.10	20.60	24.60	12.20
1972	71.70	49.00	100.21	33.00

Source: U.S. Forest Service, Pacific Northwest Range and Experiment Station.

A VOICE. Senator, can I ask a question?

Senator PACKWOOD. I'm sorry. I'm going to have to stick with the witnesses.

A VOICE. Why was the hearing cancelled in the State of Washington? Could that be answered?

Senator PACKWOOD. It could be answered, but I would suggest that you talk to your——

A VOICE. As chairman of that committee, you should be the one that gives us that determination; would that not be true?

Senator PACKWOOD. They were cancelled in Seattle, because the chairman of the Banking, Housing, and Urban Affairs Committee indicated he wanted only 2 days of hearings in Portland and San Francisco.

A VOICE. Oh, you work for the banking people, is that it? I got it.

Senator PACKWOOD. I want the record to be clarified that Senator Cranston and I, who are the principal sponsors of the bill recommended that hearings be held in Seattle. We wanted the hearings there. It was our initial intention to hold them there. Because of forces beyond our control, they were cancelled. But it was our intention to go there and not to force those in Washington to have to come to Portland to testify.

A VOICE. You don't have control, Senator Packwood?

Senator PACKWOOD. I'm not the chairman.

Thank you, Bronson.

Mr. LEWIS. Thank you, Senator.

Senator PACKWOOD. Roger Mellem and Price Zimmerman.

STATEMENTS BY ROGER MELLEM, NORTHWEST REPRESENTATIVE FOR THE SIERRA CLUB AND THE FEDERATION OF WESTERN OUTDOOR CLUBS, SEATTLE, WASH.; AND PRICE ZIMMERMAN, OREGON CONSERVATION COORDINATOR FOR THE SIERRA CLUB, PORTLAND, OREG.

Mr. MELLEM. My name is Roger Mellem. I am the northwest representative for the Sierra Club and the Federation of Western Outdoor Clubs based in Seattle. Price Zimmerman on my right is the Oregon conservation co-ordinator for the Sierra Club. Both

of us are happy to be able to represent you the conservationists' view on this issue. Our organizations have had the opportunity of testifying before you on committee hearings previously, both last summer in Salem and just weeks ago in Washington, D.C. Brock Evans testified there, and Gordon Robinson, our forestry consultant, will present detailed testimony in San Francisco this Friday. For these reasons, I will keep my oral statement brief, and request that my short written statement be included in the printed record, along with the selected and revelant photographs attached to it. A picture is worth a thousand words, they say, and so we in the northwest office decided to keep our written material shorter than we could have made it, and submit important photographs instead. I trust this is acceptable to you.

Our organizations have had a traditional and historic interest in the great and beautiful forests in the Pacific Northwest, and her powerful rushing rivers, and we have been deeply concerned about the uses to which these natural resources have been subjected. It is our sad and angry feeling that we have destroyed and wasted most of the bountious natural heritage we inherited. We know now we must do everything in our power to protect the few green and virgin forests which remain for the values and benefits these forests can provide. If our children are ever going to have a chance to enjoy some of the experiences which our forefathers had, such as seeing a wide expanse of unbroken timber, with all of its excitement and beauty, then we must act now, and our task is urgent. That is why we are before you here today.

We will, however, refrain here from describing in details the kinds of benefits which an enduring resource of wilderness can provide. Sufficed to say that wilderness offers a multitude of values, and it can be used in a multitude of ways. Wilderness protects watersheds, and this is one of its most important uses; it harbors wildlife, it makes for excellent hunting and fishing; it offers spectacular subjects for great paintings and photographs; it provides unsurpassed opportunities for recreation which is at the same time exciting and tension-relieving, such as hiking, kayaking, and mountaineer; it lets one get away from crowds and civilization, and enjoy rare, picture solitude, and is an environment from which great poems and great literature have sprung; it serves educational purposes, both in terms of self-awareness and self-growth, such as the outward bound schools provide so well, and for basic environmental education; and it serves science by providing ecological bench marks with which our man-made environmental changes can be measured. In all of these ways, and in others, wilderness can be used, but contrary to the Multiple Use Standard Yield Act of 1960, the United States Forest Service has been overwhelmingly guilty of dedicating the public's forest to just one single use, that of the commodity production of timber to the virtual exclusion of the other multiple uses of our forests, which are so important. Our organizations are vitally interested in the question of log exports, then, most basically, because we want to see our little remaining wilderness preserved in its natural state, and it is our gut feeling that exporting vast quantities of logs to Japan works hard against this goal. We have seen the timber industry expand great sums of money and talent in efforts to increase the allowable cut on the national forests, above the too high level it is already at, and we

have a terrible fear that even more enormous pressure will be brought to bear to further over cut our national forests as private timber supplies approach exhaustion, due to the log exports and other consumptive uses.

We hear the timber industry tell us constantly that we have enough wilderness. We cannot afford to set aside any more. We need the wood to house America's poor. And we get the message loud and clear, with gigantic amounts of money spent annually to spread these views on television, on radio and in newspapers and magazines. And we wonder, how can we possibly afford to export any logs or any lumber, or plywood, or pulp, paper, or chips, or any wood at all for that matter, if it is so desperately needed at home? Millions of dollars are expanded to tell the public that we need the wood in beautiful places like French Pete, Sky Lakes, and Boulder Creek; in the Magruder Corridor, Kalmiopsis, and the Cougar Lakes, in the Wenaha, Coulter Creek, and around Mt. St. Helens, and in virtually all of our other precious natural areas, and at the same time tens of millions of dollars are being made by exporting our logs to Japan. Now, something is inconsistent here, and it is more than inconsistency; we are afraid it is deliberate lying. And it angers us.

So our position is that there should be a total ban on the export of all logs, and lumber unless it can be proven that, after meeting all our domestic needs on a sustained yield basis, there is a surplus left over for export. As a step in this direction, we endorse your bill S.1033 and commend you for your wisdom in sponsoring such legislation.

We want to go on to say, now, that our organizations have another reason for endorsing your legislation, and urging its passage. Not only are we concerned about the fate of our remaining wildlands, but we are further concerned about the state of the lands we put into commercial production, and what happens to them when they are dedicated to this economic purpose.

We will refrain from burdening the record with detailed criticism of poor forestry practices, because we appreciate that you want to limit the scope of your hearings. But we do want to emphatically state that, in the mad rush to export our logs and gain windfall profits, the northwest land suffers terribly. And this devastation must be stopped. And what immediate way to slow down this by halting log exports. We clearly recognize that this is not enough, of course, by itself. One of the main reasons for a log export ban is to keep these jobs here at home, in processing and using our own logs. And this is a valid objective, and we support it. The Sierra Club and Federation of Western Outdoor Clubs fully support efforts to maintain stability in our forest products industry, and this should be a chief goal of our national timber policy. We completely agreed that efforts need to be made to create a situation where workers will know they will have jobs in the future, working woods.

But it will be argued why should conservationists care who use the trees, once they are cut down. Well, this gets into complicated economic and political problems, of course, but essentially our view is that with, a log export ban, a substantial increase in jobs can take place in American mills, because the raw material will be available for our own production. and at the same time, these additional jobs will be created with less actual timber cutting than now going on.

This is because employment levels per thousand board feet of logs are about three times higher if the logs are used at home rather than exported. Concurrently, the potential value added by domestic processing is in the tens or hundreds of millions of dollars, which would be available to cover not only wages for American workers, but also profits for American businesses, and taxes for American governmental units. And so a log export ban would help both economically and environmentally, and that is very valuable.

We need to take an even broader perspective, though. Our organizations know that our entire economy and way of life must begin now to accommodate to a changed world situation. We live in a world whose resources are not infinite, and we are, indeed, running up against limits in nearly all aspects of resource use even now. And so we focus in on timber. We feel it is essential that we finally achieve a goal long sought by conservationists, beginning in the early part of this century, that timber production occur on a sustained-yield basis, forever.

We are convinced that this is not happening now. Over cutting is going on, on both public and private forests, and we will have to balance short-termed profits now with unemployment and less wood supply in the future. To maintain a stable timber economy, we need a stable timber resource base. But what is actually happening?

In Brain Wall's paper, "Projected Developments of the Timber-Economy of the Columbia North Pacific Region," he states:

> In Brian Wall's paper, "Projected Developments of the Timber Economy of the Columbia North Pacific Region," he states
>
> Even though western Oregon has a large part of the nation's best growing land, a future harvest in western Oregon will not be adequate to maintain present level of wood consumption if present downward trends in private production continue. This situation reflects the history of heavy cutting on private lands, leaving inventories of select timber at low level, thus limiting the economically available supply of private timber.

The by now well known Forest Service study on a stratification in western national forests indicated that probably about 20 million acres of classified commercial forests are misclassified, and should not be considered for intensive forestry, for valid silvicultural reasons. This 20 million acre figure has a significant correspondence with what amount of land we have estimated in the past to be misclassified de-facto wilderness, best used for non-commercial purposes in this area.

In the 1969 Douglas-fir supply study is the declaration:

> Continuation of current trends of private log production in western Oregon and southwest Washington would lead to a 65 per cent reduction in annual private harvests within thirty years, or a decline of 2.6 billion board feet in the annual harvest.

Former Assistant Secretary of the Interior Harrison Loesch stated in Portland for the public land law review forum on September 22, 1970: "80 per cent of the private forest lands have been cut and have not been put back into timber production."

And in March of 1969, U. S. Forest Service Chief Edward B. Cliff, testifying before the Senate Committee on Banking and Currency, stated as follows:

> Private ownerships supply about 60 percent of the soft wood saw timber harvest. In the west where most of the soft wood lumber and plywood is produced, the soft wood resources and private ownership are being overcut. Log supplies from these lands must decline substantially over the next decades.

Now, some of these specific figures may conflict slightly, but the main point is abundantly and overwhelmingly clear. Overcutting is going on, and no amount of Madison Avenue advertising will change that fact, and the people know it is true when they are constantly bombarded with propaganda for logging off wilderness areas. Why does Weyerhaeuser urgently need to log its land in the scenic Snoqualmie Pass corridor if they have such a good intensive forestry program? And why would they contemplate logging in the fragile Willapa estuary? And why does Pack River Company need to log the beautiful valley of Coulter Creek, in the Alpine Lakes area? And what about French Pete, with which you are so concerned, Senator Packwood? The amount of Federal timber we export every year, alone, is exactly 100 times larger than the projected annual allowable cut of French Pete Valley. What gives? Well, we could go on and on, but the point is clear. The timber industry's actions speak louder than their words, and their actions tell us that they are rapidly liquidating their old growth Douglas-fir, and that they will want more of the public's timber soon, and badly.

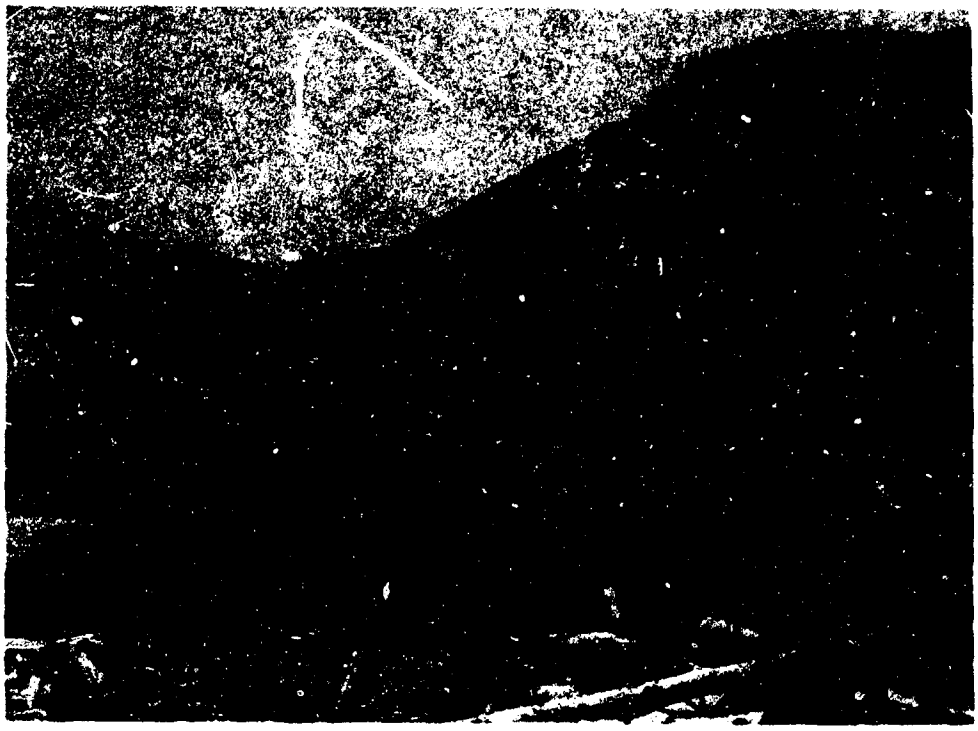
This is an incredible and unconscionable situation. Logs are probably the dominant factor in the Pacific Northwest's economic chain, and certainly our State's tax basis depend very significantly on sound judgments made in the utilization of this raw material, the log. And those judgments are not being made on a sound basis these days, and the decisions are contrary to the public interest.

And so this leads us into our final major point of this testimony, and this is a proposal that we would like to make to you and the Senate committee for help in getting our Pacific Northwest timber economy on an even keel. We feel it is urgent and essential that we find out what wood there is where, and how fast it is being cut, throughout the region. We submit that this is a valid matter of public concern, and that the public has a right to know what is happening to our forests.

We urge you to attach an amendment to your bill S. 1033 which would require disclosure of timber company holdings and the rates of cut. Then if the great timber companies are doing such a good job on their land, we will know it, and we will know it if they are not, in detail. We can draft a specific amendment for your consideration if you wish, and give it to you right away. Public disclosure is vital, and now is the time to get it.

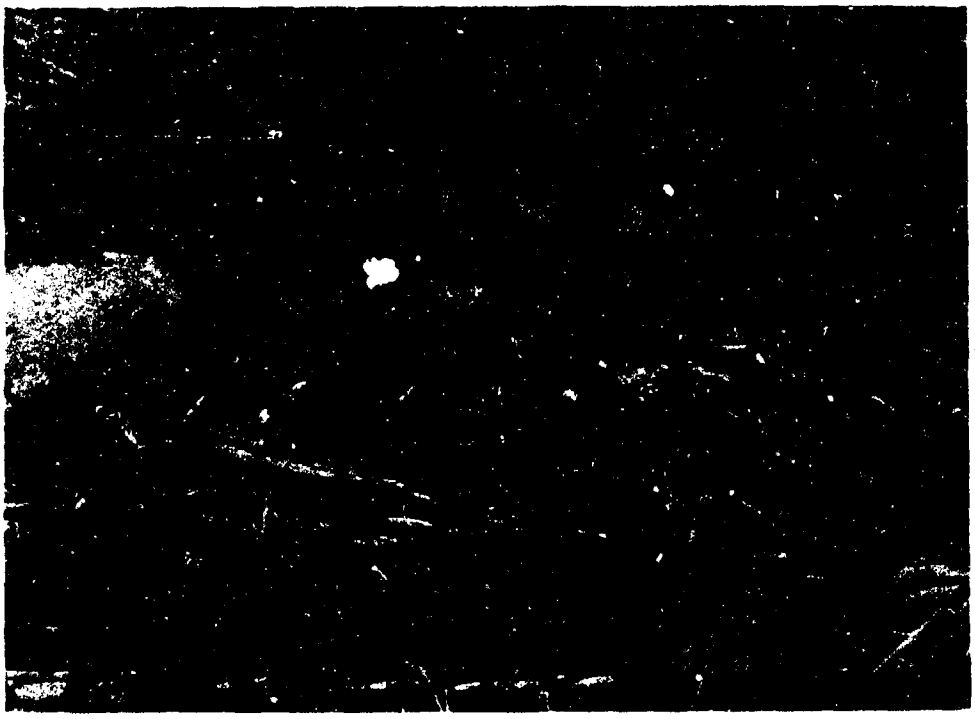
Finally, we note that we have submitted to you a number of selected photographs for inclusion in the printed hearing record. We regret that we were unable to get extra copies of each photograph, but trust that the ones have submitted will be sufficient for printing in the record, along with their captions.

Thank you very much for the opportunity to present our view to you on this critical subject and this vital piece of legislation.

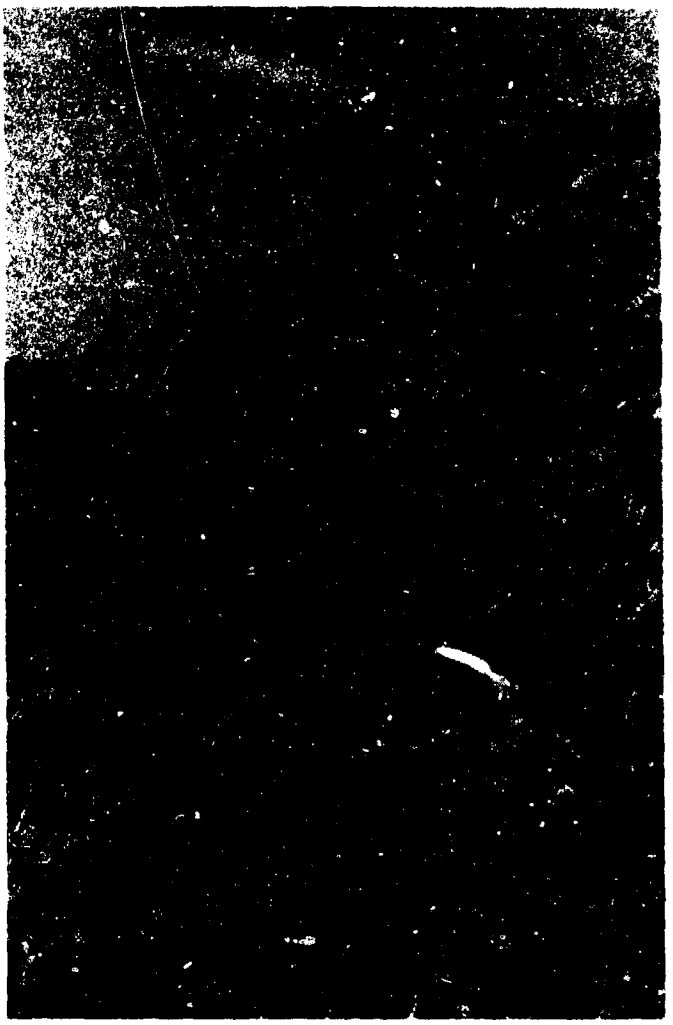


Weyerhaeuser land. Section 15, T25N, R9E. This is looking east across Philippa Creek. Large clearcuts like this have adverse environmental effects. Photo taken June 27, 1971.

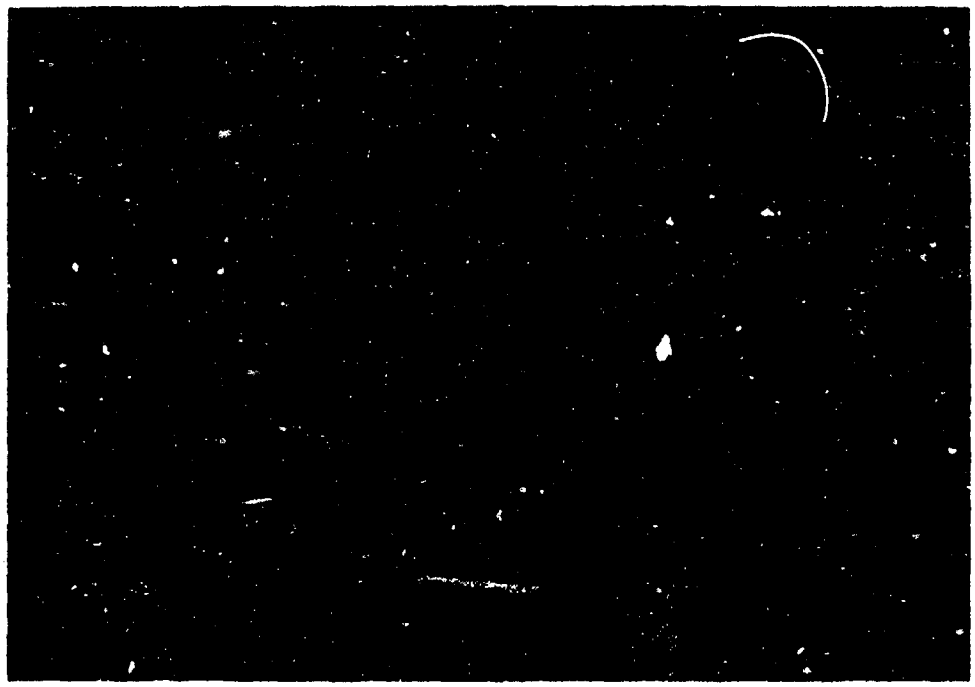
This shows drift of Weyerhaeuser logging debris on to N. B. Gardner's land. Section 28, T10N, R1E. See "saw cut" on log facing viewer, in center of picture. The original stream channel was near the bank in the background. Photo taken June 29, 1971.



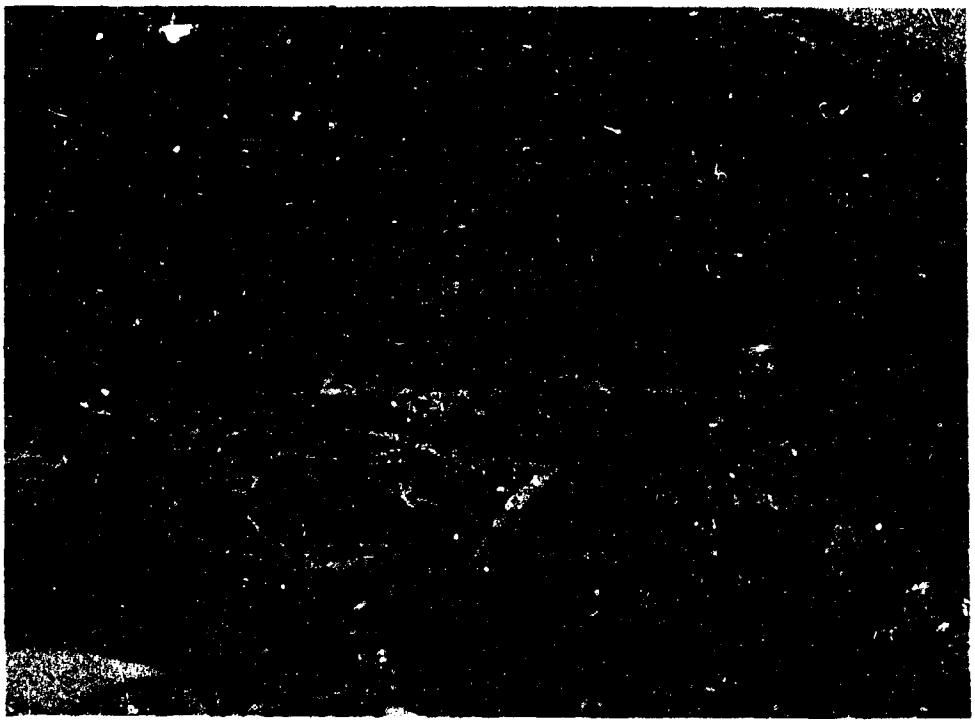
Weyerhaeuser and State of Washington Department of Natural Resources land. Taken near line between Sections 15 and 16, T25N, R9E. This shows streambank logging on the North Fork of the Snoqualmie River, and debris in the water. Photo taken June 27, 1971.



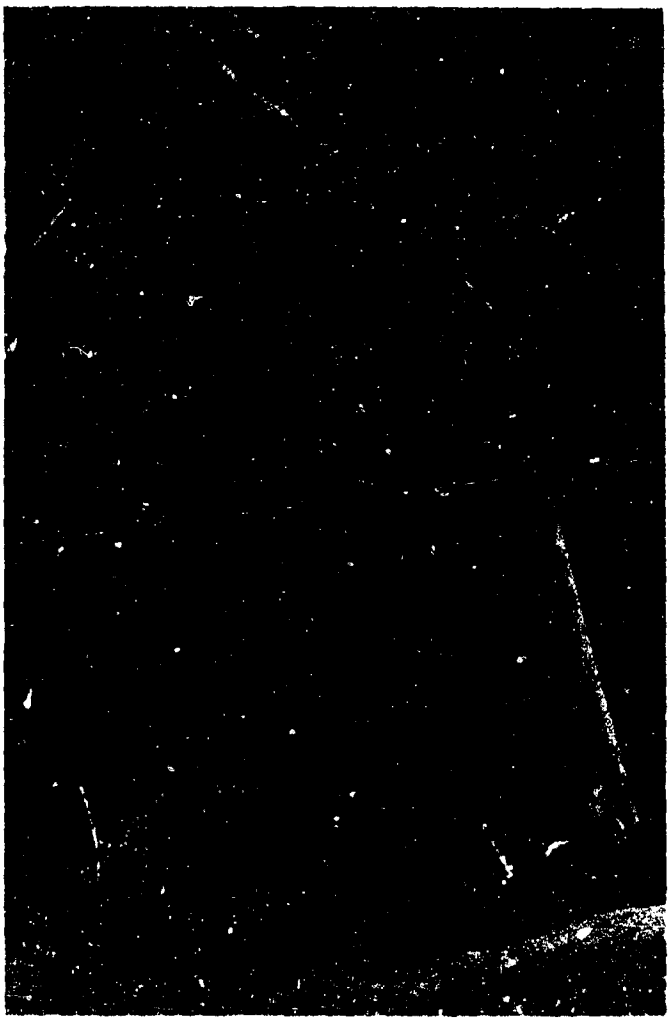
State of Washington Department of Natural Resources land. Southwest quarter section of Section 1, T26N, R11W. This shows the North Face of Owl Creek in the Hoh River divide. It is a 150-acre clearcut with side slope of over 70 percent, with slide below the sidecast main road, and soil movement in the draw.



State of Washington, Department of Natural Resources land. This is Bull Creek unit No. 2 in the Clearwater drainage. The debris blocks fish passage and kills off spawning capacity. Photo taken August 8, 1971.

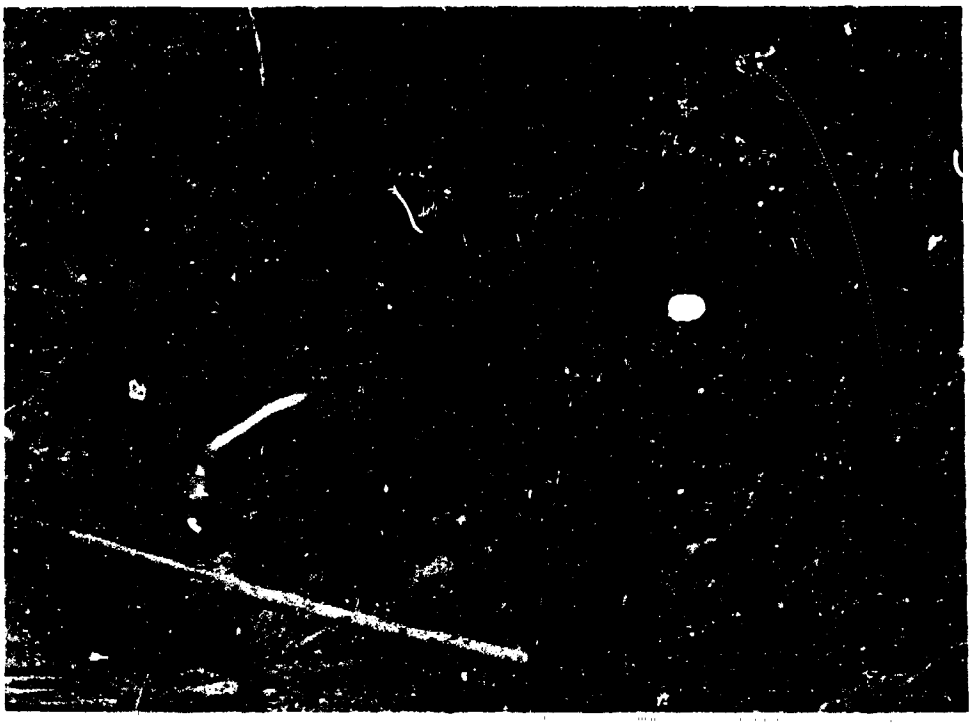


State of Washington, Department of Natural Resources land. This is the north half of Section 14, T. 25 N., R. 9 E. Photo taken June 27, 1971. Another example of how the DNR manages its land—harshly.



State of Washington, Department of Natural Resources. This is Nancy Creek unit No. 2 in the Clearwater drainage. It shows clearcut logging debris and silt in the stream. Photo taken August 3, 1971.

Snoqualmie National Forest. Section 28, T. 17 N., R 7 E. This is a cutting unit immediately adjacent to Mount Rainier National Park. It is looking down the slippage from a switchback. Photo taken July 7, 1971.



Snoqualmie National Forest These two photographs were taken in Section 28, T. 17 N., R. 7 E. This is reforestation project E-2, and spur road No. 177. This is a clearcut unit immediately adjacent to Mount Rainier National Park. State Highway Number 165 is in the background. There is soil movement in the draw, and a sideslope of more than 70 percent. The area was logged in 1960–61, planted in 1962, and replanted in 1963. This area should never have been logged. Photos taken July 7, 1971.

94-734 O - 73 - 7

Mr. ZIMMERMANN. I am Price Zimmermann, Oregon conservation coordinator for the Sierra Club. I am here as a representative of the Pacific Northwest chapter of the club, which currently has over 4,000 members in the two States of Oregon and Washington. We are grateful to Senators Packwood and Cranston for introducing their bill, which we strongly support, and to the subcommittee for holding field hearings on it.

Many of us have followed the testimony given in Washington, much of it conflicting in regard to critical points. It will be your task as legislatures to evaluate it with long-range welfare of the American people as your goal. I should like to offer one observation, however, and that is that when an argument runs counter to common sense, the burden of proof must be on its proponents. Currently, we have acute lumber shortage. Mills are laying off workers, prices have skyrocketed. Yet at the same time we are exporting large quantities of timber, 2,637,148,000 fbm of it in 1972. It may be that the exports are having no effect on the crisis, but the burden of proof must be on those who say it is not. Arguments from interested parties, moreover, must be given particular careful scrutiny.

It is no secret that the Sierra Club believes our Nation's forests are being over cut. With insufficient appropriations for reforestation, and with impoundment by the administration of appropriated funds, the future of a great and necessary capital resource is being gravely impaired.

Our members feel that the wholesale export of logs, about 12 percent of the region's total timber harvest in 1971, is aggravating the pressures on our national forests. Antisubstitution provisions have obviously not guaranteed the export solely of regional surpluses. With inadequate reforestation and federally mounting pressures for increased cutting, our members fear an adverse impact on the recreational use of our forests.

Time and time again we are told that proposed wilderness lands are needed for timber production. The Forest Service estimates that the combined total annual allowable cut reduction for the areas now being studied for wilderness, plus the wilderness areas not being studied, would amount to 741 million. Since this figure is obtained from averaging the annual cut over the average of the forest, our experts think it should be much lower, more like 500 million, considering the mountainous nature of much of the terrain. But compare even the higher estimate with the 2.7 billion board feet exported in the past year or the 600 million board feet exported by Weyerhaeuser alone.

You asked specifically for the testimony regarding job situations. Once again, common sense, I think, comes into play. The economists had said, and it's part of their laws that manufacturers add value to products. Studies have shown that employment levels were three times greater if logs were used at home. Another study, which pointed out in Seattle, published at the University of Washington Business Review, shows the State income of Washington would be three times higher from timber if the logs were used at home. By sawing the logs at home, and milling them, we add value and serve American indus-

try. A nation that exports its manufactures is always better off than a nation that exports its resources. The Sierra Club thinks that the American forests should serve American industry and the recreation of the American people.

[Complete statement of Mr. Zimmermann follows:]

STATEMENT OF SIERRA CLUB, OREGON CONSERVATION COORDINATOR

I am Price Zimmermann, Oregon Conservation Coordinator for the Sierra Club. I am here as a representative of the Pacific Northwest Chapter of the Club, which currently has over 4,000 members in the two states of Oregon and Washington. We are grateful to Senators Packwood and Cranston for introducing their bill, which we strongly support, and to the Subcommittee for holding field hearings on it.

Many of us have followed the testimony given in Washington, much of it conflicting in regard to critical points. It will be your task as legislators to evaluate it with the long-range welfare of the American people as your goal. I should like to offer one observation, however, and that is that when an argument runs counter to common sense, the burden of proof must be on its proponents. Currently we have an acute lumber shortage. Mills are laying off workers; prices have skyrocketed. Yet at the same time we are exporting large quantities of timber—2,637,148,000 board feet of it in 1972. It may be that the exports are having no effect on the crisis, but the burden of proof must be on those who say it is not. Arguments from interested parties, moreover, must be given particularly careful scrutiny.

It is no secret that the Sierra Club believes our nation's forests are being overcut. With insufficient appropriations for reforestation, and with impoundment by the Administration of appropriated funds, the future of a great and necessary capital resource is being gravely impaired. Our members feel that the wholesale export of logs, about 12 per cent of the region's total timber harvest in 1971, is aggravating the pressures on our national forests. Anti-substitution provisions have obviously not guaranteed the export solely of regional surpluses. With inadequate reforestation and steadily mounting pressures for increased cutting, our members fear an adverse impact on the recreational use of our forests.

Time and time again we are told that proposed wilderness lands are needed for timber production. The Forest Service estimates that the combined total annual allowable cut reduction for the areas now being studied for wilderness, plus the roadless areas not being studied, would amount to 741,000,000.[1] Since this figure is obtained from averaging the annual cut over the acreage of the forest our experts think it should be much lower, more like 500,000,000, considering the mountainous nature of much of the terrain. But compare even the higher estimate with the 2.7 billion board feet exported last year, or the 600,000,000 board feet exported by Weyerhauser alone.[2]

At the hearings in Salem last year the representative of the Sierra Club's Columbia Group testified that according to Forest Service studies, employment levels per 1,000 board feet of logs are about three times higher if the logs are used at home rather than exported.[3] A report for the State of Washington showed that the amount of income created in the state would be over three times higher if the logs were sawn at home.[4] Moreover, the market would be steadier if foreign buyers bought finished lumber here instead of logs.

Log exports may serve short run profit, but a prolongation of the present situation will entail long-term losses. A nation that exports its manufactures is invariably better-off than one which exports its resources. The American forests should serve America's industry and the recreation of her citizens.

Senator PACKWOOD. Thank you very much. I have no questions. I do appreciate your testimony.

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[1] Candidate Study Areas, U.S.F.S, Pacific Northwest Region.
[2] Oregonian, 28 February 1973, article by D. J. Sorenson.
[3] Value and employment associated with Pacific Northwest log exports to Japan, by Thomas C. Adams and Thomas E. Hamilton, U.S.F.S. Research Paper, PNW-27, 1965.
[4] Income multipliers for the Washington Economy, by Philip J. Borque, Univ. Wash. Bus. Rev., Reprint No. 14, 1969.

I might add that when we have a panel appearing, a prearranged panel, the members get 5 minutes apiece. Thank you.

Mr. Charles Quaintance.

STATEMENT BY CHARLES QUAINTANCE, PORTLAND, OREG.

Mr. QUAINTANCE. Senator Packwood, "How Long Will Our Forests Last?" This is the title of an editorial by Eric Aulin of the *Medford Mail-Tribune*. I just did a little calculation here about how much we would need at the present rate of cut which varies from Washington and Oregon, 18 to 20 million board feet a year, and taking an average figure of an 80 percent per allowable cut on a sustained yield basis, I think this is a fair figure, because in the higher Forest Service country it would take a 100—we come up with a round 1.6 trillion board feet, which would be needed. Do we have this? No. We have just shipped down below the trillion board feet mark on the overall for both States. Logging exports are part of a more pervasive problem in the overcutting of industry owned or at least by industry timber lands. Today the private forest timber volumes of Washington and Oregon, using Forest Service statistics, Department of Commerce statistics, are down by about 40 percent from the 1952 figure. Those of U.S. Forest Service are down perhaps 5 percent. I figured it was 4 percent. It is like the fable of the grasshopper and the ant. Now that the private timberland grasshopper has filed away its timber, it begs for the timber of the United Forest Service, as Roger Mellem has said, which is prudently harvested and replanted its land, subject, of course, to impoundment of funds, and so on. Why do we have this timber gap between the private forest and the U.S. Forest Service? In order to undercut what I think is one of the outstanding decisions of the U.S. Supreme Court, in 1949, Dexter versus the State of Washington, Washington started conservation of timber, and I only wish they could keep it up. The timber industry in the west lands gained control of the lawmaking and law enforcing machinery of the individual States. How has the Oregon State Board of Forestry faired? Has it worked for public interest or for the private interests of the timber men who make up a large share of the board; in fact, a majority vote of the board?

I'm going to skip for a time and ask how has the industry-sponsored tax demands of 1961 worked in Oregon? Besides shifting a tax burden of some $80 million to nontimber taxpayers, has it encouraged good forest practices? Not at all. The 1969 University of Oregon study notes that the timber law, tax law failed to provide any effective deterrent to poor forest practices, and has no demonstrable effect on the rate of depletion. Washington legislatives, who are now considering this kind of thing take note. Given the benefits of many such grants of public welfare, have the multinational corporations a clear sense of gratitude and patriotism in supplying American needs first, before supplying the foreign ones? The answer is self-evident in the testimony of these hearings.

What if we should talk about oil? What if we had—

Senator PACKWOOD. One more minute.

Mr. QUAINTANCE. What would happen if we discovered oil? What would we say here in Oregon about shipping it to Japan?

Senator PACKWOOD. Well, I might very briefly answer that. Under the export control act over the years we have restricted the export of raw materials, copper, chrome, walnut logs, when they were in short supply in this country. The concept when you have raw material in short supply, the concept of not allowing them to be exported is not new and unique. Further, it is a common practice in most countries of the world where there are short supplies of raw materials.

Mr. QUAINTANCE. Mr. Senator, since the State is powerless to regulate overcut on private and State owned land, because the forestry board administry is dominated or politically dominated. I certainly go along with your log embargo in total, and in addition to what has been suggested, quota at least on the wood, I also would like to close by suggesting that since we have only less than a trillion board feet of lumber left in these two great lumber producing States, that you consider passing Federal laws to regulate harvest of private lands to a reasonable allowable cut per year consistent with the United States Forest Service policy on public lands of similar productivity. Thank you, Mr. Senator.

[Additional material submitted by Mr. Quaintance follows:]

REFERENCES

1. Taxation of timber and timberlands in Oregon. 1969 Bureau of Government Research, University of Oregon. d 336.215 e.g. quantity and location of privately-owned timber, on assessment rolls vs.vs. USFS PN figures. Can this be reconciled.

2. Log production in Washington and Oregon in historical perspective PNW Forest and Range Expt. Sta. USFS. Brian Wall, 1971?

3. The demand and price situation for forest products (1971–72. USFS. Misc. Publication 1231.

4. Washington Revised Code. Annotated 43. 30. 070. 040. 050. Board of natural resources subsumes old division of forestry. Membership by law:
(1) governor
(2) supt. of public instruction
(3) commissioner of public lands, who is chairman of board
(4) dean, college of forestry U.W.
(5) director, inst. agricultural sciences, WSU

5. California Law Review. 1971. Bayside Timber Co. Inc. v. Board of Supervisors of San Mateo County. Appellate Court. Sept. 16, 1971. Calif. Forest Practices Act declared unconstitutional

6. Oregon Revised Statutes. 526.010. loaded composition of the Oregon State Forestry Board.

7. 1949. State of Washington vs. Avery Dexter 13 ALR 2nd, 1081 Dexter v. Washington 338 U.S. 863.

8. 1956. West Norman Timber v. State. Wash. 224P2d 635.

QUANTITY AND LOCATION OF PRIVATELY-OWNED TIMBER

Commercial forest land in Oregon occupies approximately 26,613,000 acres. Of this total, the federal government owns about 15,380,000 acres, the state and local governments another 923,000 acres, and private owners the remaining 10,310,000 acres. (Table VI, p. 43).

The Douglas fir region of western Oregon includes about 6,893,000 acres of privately-owned timberland and about 8,189,000 publicly-owned acres. Eastern Oregon, primarily a pine-growing area, includes a greater proportion of publicly-owned timberland, with slightly more than 8,000,000 acres owned publicly compared to about 3,500,000 acres owned privately. (Table VI, p. 43).

While the volume of standing timber in eastern Oregon is substantial, far more timber is located in the Douglas fir stands of western Oregon. For 1967,

the Oregon State Tax Commission estimated 7,788,752 MBF of privately-owned merchantable timber in eastern Oregon[1] compared to 38,156,412 MBF of privately-owned merchantable timber on the ad valorem rolls in western Oregon.[2] Thus, about 30 per cent of privately-owned merchantable timber is in western Oregon. However, apparently less than one-third of the volume of western Oregon timber is in private ownership.[3] Slightly more than half of the privately-owned western Oregon timberland is owned by forest industries, such as pulp and paper companies, lumber mills, and other wood processors. The remainder is divided about equally between farmers and other owners. (Table VI, p. 43).

Privately-owned timber tends to be located in more accessible areas which have been the first to be logged. Although privately-owned western Oregon timber is apparently less than half the

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[1] Eastern Oregon Severange Tax, *Merchantable Timber Volumes and TCV Values*, Oregon State Tax Commission, November 13, 1967. But See Note 3.

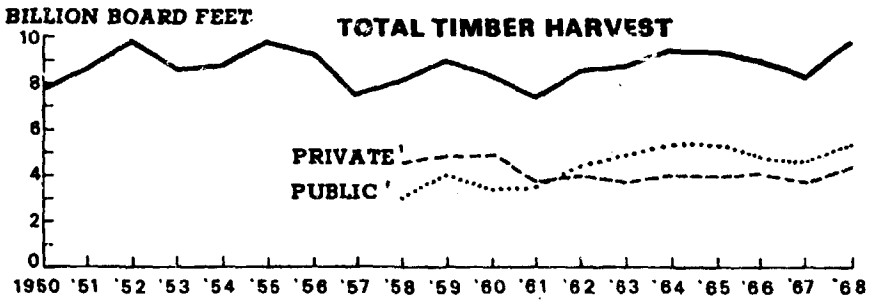
[2] *Estimates of Timber Inventory, Harvest, Valuation and Taxation Under Ad Valorem Laws*, Oregon State Tax Commission, December 1, 1967. But See Note 3. (This does not include timber subject to the Forest Fee and Yield Tax.)

[3] The estimate that more than two thirds of western Oregon timber is publicly-owned is based on information compiled from U.S. Forest Service Resource Bulletin PNW 7 (1964), PNW 8 (1964), and PNW 10 (1965) which report as of 1963, 119,335,000 MBF of privately-owned timber in western Oregon and 296,269,000 MBF publicly-owned. For eastern Oregon, U.S. Forest Service Resource Bulletin PNW-3 (1963) reports as of 1963 24,337,000 MBF privately owned and 101,135,000 MBF publicly.

The Oregon State Tax Commission sources cited at footnotes 1 and 2 indicated as of 1963, 9,719,292 MBF of privately-owned merchantable timber in eastern Oregon and 48,134,172 MPF of privately-owned merchantable timber *on the ad valorem rolls* in western Oregon. Despite the obvious descrepancy, no reconciliation of these figures is available.

Table VII

OREGON TIMBER HARVEST BY OWNERSHIP
1958-1968



OREGON TIMBER HARVEST, 1950-68

Source: United State Department of Agriculture, Forest Service Resource Bulletin PNW-29, June (1969).

	Western Oregon			Eastern Oregon		
Year	Forest Industry	Other Private	Public	Forest Industry	Other Private	Public
1958	3,900,185[a]		2,310,441	694,774[a]		803,835
1959	4,081,951[a]		3,137,776	741,678[a]		979,180
1960	4,334,257[a]		2,595,070	622,807[a]		833,310
1961	3,325,733[a]		2,694,947	529,017[a]		864,835
1962	3,146,764	410,624	3,474,302	371,221	170,573	926,654
1963	2,785,977	500,899	3,833,753	345,857	144,140	1,064,802
1964	3,057,522	411,560	4,223,498	365,577	179,373	1,180,450
1965	2,929,324	521,985	4,078,963	410,604	171,634	1,281,097
1966	3,141,777	375,499	3,601,548	497,934	108,165	1,196,483
1967	2,916,354	448,110	3,252,152	318,368	150,043	1,272,187
1968	3,057,348	678,310	4,064,795	470,375	147,442	1,324,492

Source: U. S. Forest Service Resource Bulletins PNW-29 (1969), PNW-22 (1967), PNW-16 (1966), PNW-13 (1965), Miscellaneous Publication (1964), PNW-2 (1963), Forest Survey Report 146 (October 1962), Forest Survey Report 138 (January 1962), and Timber Harvest by Ownership reports for 1958 and 1959 prepared by Division of Forest Economics Research.

[a] Separate data for forest industry and other private unavailable prior to 1962.

 Taxation 1969
Univ. of Oregon.

Table 1.–Log production in the States of Washington and Oregon by public and private lands, 1949-70

(Thousand board feet, International 1/4-inch scale)

Year	Washington				Oregon				Washington and Oregon			
	Public	Private	Public percent	Total	Public	Private	Public percent	Total	Public	Private	Public percent	Total
1949	860,631	3,712,561	19	4,573,192	2,354,600	6,022,343	28	8,376,943	3,215,231	9,734,904	25	12,950,135
1950	1,458,765	3,851,613	27	5,310,378	3,108,978	6,448,372	33	9,557,350	4,567,743	10,299,985	31	14,867,728
1951	1,446,054	4,181,197	26	5,627,251	2,980,338	7,358,091	29	10,338,429	4,426,392	11,539,288	28	15,965,680
1952	1,428,167	3,591,888	28	5,020,055	2,929,781	8,682,844	25	11,612,625	4,357,948	12,274,732	26	16,632,680
1953	1,838,132	3,396,082	35	5,234,214	3,105,198	7,023,848	31	10,129,046	4,943,330	10,419,930	32	15,363,260
1954	1,831,392	2,953,515	38	4,784,907	3,449,806	7,003,222	33	10,453,028	5,281,198	9,956,737	35	15,237,935
1955	1,950,077	3,559,277	35	5,509,354	3,337,983	8,096,934	29	11,434,917	5,288,060	11,656,211	31	16,944,271
1956	2,082,514	3,889,342	35	5,971,856	3,340,824	7,630,446	30	10,971,270	5,423,338	11,519,788	32	16,943,126
1957	1,778,680	3,005,561	37	4,784,241	2,972,758	5,886,124	34	8,858,882	4,751,438	8,891,685	35	13,643,123
1958	1,855,613	2,720,693	41	4,576,306	3,544,183	5,450,933	39	8,995,116	5,399,796	8,171,626	40	13,571,422
1959	2,398,711	3,353,582	42	5,752,293	4,699,942	5,720,512	45	10,420,454	7,098,653	9,074,094	44	16,172,747
1960	2,023,578	3,566,809	36	5,590,387	3,905,948	5,897,851	40	9,803,799	5,929,526	9,464,660	39	15,394,186
1961	2,086,864	3,157,784	40	5,244,648	4,053,044	4,580,210	47	8,633,254	6,139,908	7,737,994	44	13,877,902
1962	2,490,061	3,484,756	42	5,974,817	5,027,925	4,873,486	51	9,901,411	7,517,986	8,358,242	47	15,876,228
1963	2,917,939	3,503,820	45	6,421,759	5,571,987	4,491,557	55	10,063,544	8,489,926	7,995,377	52	16,485,303
1964	3,203,171	4,187,958	43	7,391,129	6,126,941	4,770,279	56	10,897,220	9,330,112	8,958,237	51	18,288,349
1965	3,430,289	4,299,057	44	7,729,346	6,116,219	4,788,725	56	10,904,944	9,546,508	9,087,782	48	18,634,290
1966	3,052,805	4,139,112	42	7,191,917	5,453,358	4,893,878	53	10,347,236	8,506,163	9,032,990	48	17,539,153
1967	3,057,702	3,961,506	44	7,019,208	5,132,438	4,562,110	53	9,694,548	8,190,140	8,523,616	49	16,713,756
1968	3,638,019	4,614,475	44	8,252,494	6,116,151	5,170,003	54	11,286,154	9,754,170	9,784,478	50	19,538,648
1969	3,239,629	5,068,023	39	8,307,652	5,660,159	4,931,607	53	10,591,766	8,899,788	9,999,630	47	18,899,418
1970	2,830,641	4,844,399	40	7,675,040	4,655,991	4,585,788	50	9,241,779	7,486,632	9,430,187	44	16,916,819

TABLE 13.—*U.S. exports of logs by major species, 1950–71* [1]

[Million board feet, log scale]

Year	Total	Softwoods				Hardwoods		
		Total	Douglas-fir	Port Orford cedar	Other	Total	Walnut	Other
1950	48.2	28.9	1.0	0.3	27.6	19.3	1.0	18.3
1951	79.4	57.9	2.4	.6	54.9	21.5	1.0	20.5
1952	63.7	44.4	4.2	1.9	38.3	19.2	.3	18.9
1953	115.1	86.0	12.4	3.5	70.0	29.2	.5	28.6
1954	139.5	106.4	12.3	13.8	79.8	33.1	.6	32.5
1955	166.2	144.2	9.8	10.7	123.7	22.0	1.2	20.8
1956	187.7	154.9	15.8	13.9	125.2	32.8	1.1	31.6
1957	139.3	107.3	8.1	22.8	76.4	32.0	1.4	30.6
1958	169.8	127.3	12.4	32.3	82.7	42.5	2.3	40.2
1959	204.6	167.6	20.8	39.2	107.7	37.0	3.7	33.2
1960	266.3	210.3	27.5	37.2	145.6	56.0	10.2	45.9
1961	481.8	432.2	66.8	61.2	304.2	49.5	7.2	42.4
1962	522.2	452.7	48.1	41.5	363.1	69.5	10.3	59.2
1963	951.3	879.6	71.6	63.9	744.1	71.8	16.5	55.3
1964	1,086.3	1,022.6	94.6	37.0	891.0	63.7	11.1	52.6
1965	1,192.8	1,111.4	111.3	39.1	961.0	81.4	23.6	57.9
1966	1,393.1	1,317.5	130.5	43.0	1,144.0	75.6	12.8	62.8
1967	1,970.7	1,873.6	272.0	34.6	1,567.0	97.1	16.4	80.7
1968	2,568.1	2,473.2	396.5	38.4	2,038.3	94.9	21.9	73.0
1969	2,397.0	2,316.8	380.6	40.7	1,895.6	80.2	20.6	59.5
1970	2,753.0	2,684.1	487.7	54.1	2,142.3	68.9	17.4	51.5
1971 [2]	2,292.4	2,233.4	448.1	40.2	1,745.1	59.0	12.9	46.2

[1] Data may not add to totals because of rounding.
[2] Preliminary.

Source: U.S. Department of Commerce, Bureau of the Census (46).

TABLE 14.—*U.S. exports of logs by major region of destination, 1950–71* [1]

[Million board feet, log scale]

Year	Total	Canada	Western Europe	Japan	Other
1950	48.2	42.5	3.6	.....	2.1
1951	79.4	71.8	4.7	1.4	1.6
1952	63.7	53.8	3.0	6.5	.4
1953	115.1	69.2	3.8	41.6	.6
1954	139.5	75.4	4.8	54.5	4.7
1955	166.2	138.4	8.9	18.0	.8
1956	187.7	160.2	5.7	20.5	1.2
1957	139.3	97.1	5.3	36.0	1.0
1958	169.8	112.6	7.7	47.9	1.6
1959	204.6	126.6	7.2	70.1	.7
1960	266.3	150.7	15.9	98.6	1.1
1961	481.8	99.6	16.3	364.8	1.1
1962	522.2	167.3	24.8	329.0	1.2
1963	951.3	209.3	32.2	691.1	18.8
1964	1,086.3	288.5	19.0	755.4	23.4
1965	1,192.8	352.9	29.4	804.4	6.2
1966	1,393.1	266.2	17.3	1,083.0	26.5
1967	1,970.7	335.8	20.8	1,583.6	30.6
1968	2,568.1	341.8	28.8	2,119.2	78.4
1969	2,397.0	324.6	29.9	2,007.8	34.8
1970	2,753.2	291.8	23.6	2,377.3	60.3
1971 [2]	2,292.4	343.6	20.8	1,847.1	80.9

[1] Data may not add to total because of rounding.
[2] Preliminary.
Source: U.S. Department of Commerce, Bureau of the Census (46).

[58] The Demand and price situation for forest products 1971-72 USDA (USFS) Misc. Publ. 231

OREGON FORESTRY DEPARTMENT,
Salem, Oreg., March 21, 1973.

MR. CHARLES W. QUAINTANCE,
Portland, Oreg.

DEAR MR. QUAINTANCE: We read your letter which appeared in the Capital Journal's Open Forum in which you take exception to the response of the Oregon State Board of Forestry to the public interest.

We would like to suggest to you that you are grossly in error in several of your conclusions. We don't feel that it is worthy of our time to debate this with you in letter form, but would appreciate very much the opportunity to discuss these points personally with you at your pleasure, either at this office or at a place that you would suggest.

We certainly appreciate public concern over the actions of some of our public agencies, but, on the other hand, we strongly believe that if public accusations are to be made then they should be grounded with facts and not based on untruths and lack of knowledge.

Will look forward to hearing from you, hopefully with the opportunity to clarify some of these points of concern.

Sincerely yours,

J. E. SCHROEDER, *State Forester.*

Table 8. Net Volume of Softwood Sawtimber on Commercial Forest Land in the United States, by Ownership and Section, Region, and State, as of December 31, 1952 and 1962, and January 1, 1970[1] (Million Board Feet International 1/4-Inch Log Rule) Continued

Section, Region, and State	Total, All Ownerships			National Forest			Other Public			Forest Industry			Farm and Misc. Private		
	1970	1962	1952	1970	1962	1952	1970	1962	1952	1970	1962	1952	1970	1962	1952
Central Gulf:															
Alabama	34,874	28,306	21,273	1,912	1,552	1,101	630	511	301	10,360	8,409	6,275	21,970	17,832	13,596
Mississippi	28,079	20,008	13,832	5,133	5,030	2,899	1,474	760	1,180	5,959	5,254	6,413	15,511	8,964	3,340
Tennessee	4,699	3,996	3,412	863	929	814	621	285	309	446	275	257	2,767	2,505	2,030
Total	67,652	52,310	38,517	7,910	7,511	4,814	2,726	1,557	1,790	16,766	13,938	12,945	40,248	29,302	18,966
West Gulf:															
Arkansas	25,251	22,022	17,408	4,378	4,051	3,346	374	195	158	11,685	13,638	11,676	8,812	4,138	2,228
Louisiana	35,011	28,271	19,569	2,781	2,291	1,292	479	452	325	11,932	13,023	10,048	19,852	12,605	7,895
Oklahoma	3,788	2,288	1,771	383	503	307	101	8	9	1,715	1,463	1,241	589	331	214
Texas	30,459	24,457	15,989	4,632	5,390	2,759	516	272	149	14,673	11,578	8,071	10,637	7,217	5,010
Total	93,511	77,045	54,728	12,175	12,235	7,704	1,467	927	636	39,977	39,702	31,036	39,890	24,181	15,349
Total, South	275,875	230,397	185,571	27,751	26,348	18,095	11,072	8,214	195	80,030	73,748	62,499	157,001	122,086	97,781
Pacific Northwest:															
Alaska- Coastal	178,101	182,224	183,928	163,361	167,143	168,706	13,801	14,120	14,252	0	0	0	938	960	959
Oregon- Western	327,862	356,072	391,046	172,354	180,645	178,851	67,119	70,879	76,053	60,814	78,459	105,732	27,575	26,089	30,410
Eastern	106,809	111,316	115,304	81,211	83,467	78,260	7,050	7,813	14,320	9,457	11,440	13,767	9,091	8,596	8,957
Summary	434,671	467,388	506,350	253,565	264,112	257,111	74,169	78,692	90,373	70,271	89,899	119,499	36,666	34,685	39,367
Washington-Western	234,479	251,635	267,908	95,294	103,339	107,965	43,128	43,990	44,208	74,828	84,264	97,340	21,229	20,042	18,395
Eastern	75,323	76,703	75,855	38,659	40,496	39,444	21,110	22,014	21,957	5,406	5,145	6,161	10,148	9,048	8,293
Summary	309,802	328,338	343,763	133,953	143,835	147,409	64,238	66,004	66,165	80,234	89,409	103,501	31,377	29,090	26,688
Total	922,574	977,950	1,034,041	550,879	575,090	573,226	152,208	158,816	170,790	150,505	179,308	223,000	68,981	64,735	67,024
Pacific Southwest:															
California	271,653	296,617	331,145	161,514	172,155	173,999	6,786	7,844	10,799	43,405	50,539	62,185	59,948	66,079	84,162
Hawaii	18	16	16	0	0	0	11	10	10	0	0	0	6	5	5
Total	271,671	296,633	331,161	161,514	172,155	173,999	6,797	7,854	10,809	43,405	50,539	62,185	59,954	66,084	84,167
Total, Pacific	1,194,245	1,274,583	1,365,202	712,393	747,245	747,225	159,006	166,671	181,600	193,910	229,847	285,185	128,935	130,819	151,191
Northern Rocky Mtn.:															
Idaho[2]	130,986	136,606	132,869	87,366	93,731	89,475	14,425	14,471	15,060	13,290	12,902	12,831	15,904	15,500	15,502
Montana[2]	100,925	106,702	100,237	64,748	69,792	64,182	9,219	9,378	9,141	9,526	9,964	9,912	17,431	17,567	17,001
South Dakota (West)[2]	3,434	3,510	3,516	2,624	2,765	2,852	194	179	159	38	35	31	576	530	472
Wyoming[2]	16,040	20,489	19,948	11,325	16,032	15,891	1,951	1,844	1,679	220	208	189	2,543	2,404	2,188
Total	251,387	267,307	256,570	166,065	182,320	172,400	25,790	25,874	26,040	23,075	23,110	22,964	36,456	36,002	35,164
Southern Rocky Mtn.:															
Arizona[2]	20,902	22,218	22,714	13,816	14,707	14,494	6,727	7,130	7,803	0	0	0	358	380	416
Colorado[2]	42,633	49,965	47,598	31,434	39,329	37,598	2,567	2,438	2,292	74	70	66	8,556	8,126	7,640
Nevada[2]	1,319	1,362	1,327	373	441	411	51	49	49	86	84	83	808	787	782
New Mexico[2]	24,054	25,168	25,422	12,181	12,847	12,254	5,876	6,098	6,517	430	446	477	5,566	5,776	6,173
Utah[2]	14,809	15,324	15,542	11,710	11,904	11,520	1,685	1,860	2,188	0	0	0	1,413	1,559	1,834
Total	103,719	114,037	112,603	69,516	79,228	76,277	16,908	17,577	18,851	591	601	627	16,703	16,629	16,847
Total, Rocky Mountains	355,106	381,344	369,173	235,581	261,548	248,677	42,699	43,452	44,892	23,666	23,711	23,592	53,159	52,632	52,0
Total, All Regions	1,905,289	1,955,527	1,978,886	982,045	1,040,625	1,01[illegible],803	223,287	226,938	240,964	317,846	342,391	383,731	382,110	345,572	336,387

[1]Data may not add to totals because of truncating. Zeros indicate no data or negligible amounts.
[2]See footnote 2, table 3.

[From the Salem Capital Journal, Apr. 6, 1973]

LOG EMBARGO?

In my letter of March 19, I advocated the removal of all timber industry executives from the State Forestry Board and their replacement by a number of public interest members, (re: House Bill 2076), in view of the record of the past decades where the board in a number of cases has apparently failed to act in the public interest. This bill, for some unexplained reason, was returned to committee. Will industry executives be removed?

In his reply to my letter, the state forester suggested that criticisms should not be based on lack of knowledge. I could not agree more. The public should have complete inventories on private lands which the board is withholding from us.

The Washington State Supreme Court, and the *U.S. Supreme Court decision* of 1949 (Wash. Vs. Dexter), in effect charges the state with the duty to maintain a continuous *yield on private and state timberlands.* For well over a decade the timber concerns controlling the Oregon State Board of Forestry have refused to make public an inventory of their timber holdings. All first-rate private corporations must have this information immediately available.

I, therefore, invited the State Board of Forestry without further delay to release these figures for the past ten years in order that the public may know whether timber is being overcut, and whether a total log embargo is necessary.

It would seem desirable to release this inventory by area and by company. Log embargo hearings are to be held in Portland, April 11, by Sen. Packwood.

CHAS. W. QUAINTANCE.

[From the Oregon Statesman, Mar. 3, 1973]

SHIPMENT OF LOGS CRIPPLE INDUSTRY

Your editorial of Feb. 18 suggests that American "(self-interest must encompass more than logs," etc.

The international trade concept is small comfort to the workers at the Molalla mill which a giant corporation closed down in 1972. This is small comfort to those laid off in a Portland door manufacturing factory because of the shortage of logs.

Would the Oregon Statesman defend shipping uranium ore or any other precious metal or element in limited supply, but possessed by Oregon in amounts needed for America's needs, on the grounds of international trade aspirations? To supply ever accelerating demands for log exports is to sell America short.

If Oregon goes into a depression for lack of lumber on private lands, the multi-national timber giants will not suffer. They will merely move to harvest their timber holdings elsewhere in the world.

Shipping scrap iron to Japan was probably once praised for its international trade value. Nevertheless, the practice backfired. Made into military hardware, the scrap iron killed or crippled American soldiers.

To continue to ship logs and other wood fiber beyond growth capacity of our forests, when America needs wood more, will cripple Oregon's unique and basic industry.

Which is the greater good or self interest—to continue log exports to please international hucksters or to stop log exports for the long-time best interests of this state, region, and, in the last analysis, nation?

CHARLES QUAINTANCE.

[From the Salem Capital Journal, Mar. 19, 1973]

FEUDAL WAYS

How well does the Oregon State Forestry Board serve the public interest?

Why did it not prevent the devastation by giant corporations of the Molalla and other watersheds belonging to private timber?

Why does it not operate state forests and private timberlands on a sustained yield basis? Has it succumbed to the current log export mania? Are these failures to protect the public trust the result of a timber-dominated board which regulates, or rather, in many cases at least, fails to regulate its own members?

What good would be achieved by House Bill 2076, adding two public members to the existing 11 voting members if the six industrial timber managers stay on the board?

In 1971 the California appellate court declared the California Forest Practices Act unconstitutional because the timber industry regulated its own members. Likewise, in Oregon, industry regulates its own members, although it was not always thus! The 1950 code, for example, contained no such provision as six industry managers. Why and how and when did industry get control in Oregon?

Isn't it time that Oregon drops these six industry managers who are in the position of judging themselves? Isn't the dean of the industry-oriented forestry school at Corvallis enough to represent industry's viewpoint in voting and determining policy?

Or, would it be better to let the forest product industry continue its feudal ways in order that they can cut-and-get-out in Oregon without hindrance?

CHARLES W. QUAINTANCE.

[From the Oregon Capital Journal]

UNBIASED

Your editorial of Feb. 13 favors wooden trees over plastic at the Western Forestry Center in Portland. Agreed. Still, a deeper question might be, does the center give an unbiased view of the forestry industry?

Does the center have an exhibit showing log exports since 1960 and their effects on Oregon jobs and cost of homes?

Is there any exhibit showing the tax loophole private timberland gets—which we pay—as a result of the industry-sponsored law of 1961?

Does the center show the outstanding OSPIRG film on the destruction of the Molalla watershed? (Industry owns one copy.) Does the center explain why the state forester let Molalla happen? And why is the voting majority on the State Board of Forestry composed of timber industry executives—by law?

Does the center tell why the City of Portland leased five acres of public golf course at Hoyt Park to industry for a dollar a year—without public hearings?

Would not the Western Forestry Center be more appropriately housed in the Georgia Pacific building instead of masquerading as an educational institution? Or should we invite other industries into city parks—whether Salem or Portland—to sell their images as a part of their PR program?

CHARLES QUAINTANCE.

[From the Oregon Capital Journal, Feb. 10, 1973]

SHIP 'EM IN FROM IDAHO?

Oregon lumber firms put up lots of money to build two of the finest wooden buildings we've ever seen. One is a meeting hall, complete with kitchen. The other is a huge exhibit building. Together they are the Oregon Forestry Center near the Portland Zoo and the Oregon Museum of Science and Industry. They were dedicated in 1971.

The central exhibit, rising like a core for the exhibit hall is a "talking tree." You punch a button and it tells about trees by recording. Maybe that's all right. But the fact that it is made of plastic has offended foresters and nonforesters alike. Happily, the board is planning a replacement tree. Not a real one. But one made mainly of wood, at least, and looking like wood, instead of a 1941 Wurlitzer juke box.

But a lot of the other exhibits aren't scheduled for replacement, and should be. The mock-up of a plywood mill endlessly peels a phoney log, making paper plywood. A hokey sawmill continually saws a cardboard log with a toothless bandsaw. A cross section of a massive Douglas fir is a hollow drum with bark pasted onto it. Its growth rings are painted on a paper covering.

This, of course, is nonsense. The lumber industry long ago perfected sealers and preservatives to keep real logs from bleeding all over the floor and deteriorating. What better place to demonstrate this?

About the only thing that saves the investment is the American Society of Foresters' display of different kinds of wood from around the world. Every last example is a real log.

Senator PACKWOOD. Thank you, Mr. Quaintance. I appreciate your presenting your views to the committee.

Mr. Glae Gould.

STATEMENT BY GLAE C. GOULD, REPRESENTING THE COOS BAY TIMBER OPERATORS, NORTH BEND, OREG.

Mr. GOULD. I am Glae Gould. I want to be speaking as a logger. I want to tell you a little of my background inasmuch as you've said you read everything there was—that was submitted. I hope that I made this—may just read this from the beginning. It's going to take about 5 minutes, Senator. I close with 10 questions. I hope you can have some questions. May I ask this question at the beginning? This group that is to waive the testimony here, is this group that appears in the letter—

Senator PACKWOOD. Yes. Actually the full committee will be considering the legislation. All the people you see on the letterhead of the subcommittee are members of the full committee.

Mr. GOULD. I made this observation, and I wonder if you want to comment on it? From the South there is represented four Senators, Alabama, Louisiana, Tennessee, Texas. From the Northeast there's four, New Hampshire, Maine, Massachusetts and Connecticut. From the North Central there's three, Ohio, Wisconsin, Illinois and, incidentally, these are all forest-producing areas of past and present. In the East there's two, New Jersey and Delaware. You have responsibility, it looks like, you and Cranston and Bennett from Utah representing this area that really is critical, and I don't see Alaska, Washton or Idaho, who are neighbors, and producers. I wondered about that.

Senator PACKWOOD. Just by happenstance, who happens to be on which committee. You're right. Senator Cranston from California and I are the only ones from the Pacific Coast States along with Senator Bennett, the only ones from the West.

Mr. GOULD. I filed both you and Senator Cranston. I know you are really dedicated in your views. Here's my letter as I have typed it. You have, and will have, confronted—be confronted with figures, data, graphs, both pro and con regarding a ban being considered in log exports. You'll have been told by some that it can't be, must be, and should be to some degree. For me to qualify this would be repetitious. I would like to break this delivery into two parts. First, generalizing and background, and I will have to speak a little of myself, because being a logger I feel that there generally—we are not very outspoken, and I want to give you some background. The second part would be personal property versus public property, and there's a big difference here, and I think it's the part you are all missing. You are all missing the boat on this.

I am 56 years old and all of those years since 8 years old save a stint in Japan, China, Philippines, in 1938 and 1939 have been spent in Oregon as a logger, as a sawmill owner and operator, and more recently in construction. I have interrupted this to train during World War II for the beach assault during the invasion of Japan. Having lost some classmates in the early stages of this war as well as camera equipment and belongings to the Japanese in 1938 I have

vowed revenge and joined as an aviation cadet. I hold the rank of lieutenant colonel presently, and I'm on standby reserve status today. I hold no anomosity for war experiences.

During this time I have had an opportunity to observe some trends in Asia and especially as observant of the role that the Japanese nation are playing in world commerce, in industry and more recently in finance. I am a strong believer of equality, and think a proper approach among other things is the opening of world markets, the cooperation of nations and its peoples, exchange of ideas and students who are own—their own best ambassadors.

I believe this is a goal we should approach wisely and yet with assurance; we did not consider ourselves a superior race. We must analyze our differences and welcome opportunity to exchange goods and raw materials. We are no longer separated by months in travel or in days in communication.

Senator PACKWOOD. One more minute.

Mr. GOULD. I believe this is a goal we should approach. You have only to think that Teddy Roosevelt era, which saw the Japanese isolation prove an annoyance to us. Today they are exporting dollars. They are purchasing or building industry all over the world to include our own United States. We must not take a stand of isolation now in return. We may have to become more aware of manual work and less materialism.

I say, gentlemen, I am opposed to any ban of export of logs from private timberlands. I have a small tree farm and have spent 25 years in its care and development. We have taken pride in the harvesting methods, and on the cycles we use for reproduction. Some seed has been sewn in ingenuous methods. We planted approximately 10,000 trees annually and with a five-man crew you can see that 2,000 trees represent quite a bit of work and care. We have taken pride in our work and I have planted my 2,000 trees one season, crawling on hands and knees with two steel pins protruding from my big and second toes, and with the toe of my caulk boot cut off and surrounded by a steel cover.

Perhaps we will find we don't have enough timberlands and production. Then let us face these problems and do something about it. Some enterprising private industry has done this

I have heard private sawmill people say, "We depend on public timber. We don't have a tree farm." They should not expect help from the industrious and efficient owners who has taken steps and paid high costs for his own developments. I personally believe that our public timberlands can have improvement in their production.

Let me say that as one example, New Zealand has developed an export of softwood timber and yet their lands were void of any carnivorous tree. An experiment developed in 1917 has produced the country's own needs and now they have products for export. Most of it is going to Japan. The chief fiber tree was developed from our own California Monterey pine; a remarkable development in itself.

To reiterate, I am opposed to any ban on the export of logs from any private timberlands. I will listen to some control on export of logs from public lands. On public timber holdings we must consider not only the proper management but we as a public decide on what is best for us as customers for wood products.

Senator PACKWOOD. Excuse me. You are going to have to stop. You are running past the 5 minutes. Can you summarize very briefly?

Mr. GOULD. I wouldn't like to. I would like to make my statement. No. 1, methods of bidding have brought about your high cost of housing. No. 2, logging practices condoned in public lands are needful of corrections. No. 3, logging practices acts do not take into consideration the better methods of the forest logging procedures. They are oriented to new and mobile equipment. No. 4, logging costs are increased by do and redo shows. No. 5, clearcutting, when done properly, does have the most advantages. No. 6, transportation requirements are exaggerated by hodge-podge routing. No. 7, emphasis placed by environmentalists on no burning must be properly analyzed. No. 8, a worldwide effort must be directed to standardizing lumber sizes and should be based on new sawing techniques, such as saw kurfs. No. 9, restrictions on loading and hauling on highways must be revised. No. 10, incentives must be given to produce excellence rather than the reverse.

Gentlemen, I stand ready for questions.

[The complete statement of Mr. Gould follows:]

STATEMENT BY GLAE C. GOULD, THE COOS BAY TIMBER OPERATORS

You have and will have been confronted with figures, data, graphs both pro and con regarding a ban being considered on log exports—you will have been told by some that it can't be, must be and should be to some degree. For me this pattern would be repetitious.

I wish to break this delivery into two parts:

No. 1. generalizing and background, and

No. 2. personal property vs public property and the big differences.

I am 56 years old and all of those years since 8 years old save a stint in Japan, China, Philippines in 1938 and 1939 have been spent in Oregon as a logger, as a sawmill owner and operator, and more recently in construction. I have interrupted this to train during WW II for the beach assault during the invasion of Japan. Having lost some classmates in the early stages of this war as well as camera equipment and belongings to the Japanese in 1938 I had vowed revenge and joined as an aviation cadet. I hold rank of lt. Colonel presently and am on standby Reserve status today. I hold no animosity for war experiences.

During this time I have had opportunity to observe some trends in Asia and especially am observant of the role that the Japanese nation are playing in world commerce, in industry and more recently in finance. I am a strong believer on equality and think a proper approach among other things, is the opening of world markets, the cooperation of nations and its peoples, the exchange of ideas and students who are own best ambassadors.

I believe this is a goal we should approach wisely and yet with assurance we do not consider ourselves a superior race. We must analyze our differences and welcome opportunity to exchange goods and raw materials. We are no longer separated by months in travel or in days in communication.

You have only to think back to the Teddy Roosevelt era which seen the Japanese Isolation prove an annoyance to us. Today they are exporting dollars. They are purchasing or building industry all over the world to include our own United States. We must not take a stand of isolation now in return. We may have to become more aware of manual work and less materialism.

Secondly gentlemen:

I am opposed to any ban on the export of logs from private timber lands. I have a small tree farm and have spent twenty five years in its care and development. We have taken pride in the harvesting methods, and on the cycles we use for reproduction. Some seed has been sown in ingenious methods. We have planted approximately 10,000 trees annually and with a five man crew you can see that 2,000 trees represent quite a bit of work and care. We have taken pride in our work and I have planted my 2,000 trees one season, crawling on hands and knees with two steel pins protruding from my big and second

toes—and with the toe of my calk boot cut off and surrounded by a steel cover. Now how do you think I feel if someone says I can't sell my product in any manner I want for a lucrative price. Other testimony is to the fact that this sale of private timber has made lumber at home expensive and hard to buy. This may be true, but its time that they get efficiency out of their public tree farms, and clamor for better cutting practices and sales. The surges of home building should be smoothed out. It is time we appraised the methods and timing of our public timber harvest.

Perhaps we will find we don't have enough timber lands in production. Then let us face these problems and do something about it. Some enterprising private industry has done this.

I have heard private sawmill people say, "we depend on public timber—we don't have a tree farm." They should not expect help from the industrious and efficient owners who has taken steps and paid high costs for his own developments. I personally believe that our timber lands can have improvement in their production.

Let me say that as one example—New Zealand has developed an export of soft wood timber and yet their lands were void of any coniferous tree. An experiment developed in 1917 has produced the countries own needs and now they have products for export. Most of it is going to Japan. The chief fiber tree was developed from our own California Monterey Pine a remarkable development in itself.

To reiterate, I am opposed to any ban on the export of logs from any private timber lands. I would listen to some control on export of logs from public lands. On public timber holdings we must consider not only the proper management but we as the public decide on what is best for us as customers for wood products.

I do not feel that private enterprise should be so negotiated. I do not believe that any one firm should be penalized if they produce more efficiently then another private firm and neither should they be penalized if their system is more effective than a public agency.

I have had quite some experience with a large timber firm to see first hand some of the practices and by them to get brush land back into the production of Douglas fir. It is expensive—their methods are more thorough than any of the public agency tree farm in the near proximity, state, federal or county. This firm is truly planning for the future and certainly are living up to good forest practices. Maybe other large timber companies are equally proficient. I am not surrounded by their property and do not have the same opportunity to observe.

A few statements I wish you would investigate:

1. Methods of bidding have brought about your high costs of housing.
2. Logging practices condoned in public lands are needful of corrections.
3. Logging practices acts do not take into consideration the better methods of forest logging procedures. They are oriented to new and mobile equipment.
4. Logging costs are increased by do and redo shows.
5. Clearcutting, when done properly does have the most advantages.
6. Transportation requirements are exaggerated by hodge podge routing.
7. Emphasis placed by environmentalist on "no burning". Must be properly analized.
8. A world wide effort must be directed to standardizing lumber sizes and should be based on new sawing techniques. Such as thin saws kurfs.
9. Restrictions on loading and hauling on highways must be revised.
10. Incentives must be given to produce excellence rather than the reverse.

Gentlemen with this I stand ready for explanation.

Senator PACKWOOD. Thank you, sir. I have no questions.

Mr. Peter Murphy.

STATEMENT BY PETER C. MURPHY, JR., PRESIDENT, THE MURPHY COMPANY, SPRINGFIELD, OREG.

Mr. MURPHY. My name is Peter C. Murphy. I am from Springfield, Oreg. Our family has operated the Murphy Co. for 65 years in Oregon. We are the largest independent logging company in Oregon exporting logs. That hardly makes us a giant of the industry.

We also operate tree veneer plants in Oregon, Florence, Myrtle Point, and Swisshome. If anyone can demonstrate to me that a failure to ban exports of logs would adversely affect the livelihoods of our employees, who are also our friends, in these three small Oregon communities, I would be right in the vanguard of the band forces.

Our experiences, however, shows just the opposite. We log 140 million board feet annually, 98 percent of it from Federal lands. Forty percent of our harvest goes to our own mills for processing. The other 60 percent is placed on the open market. If there were any way of using more of it ourselves, we would. Right now, all the mills are working two 10-hour shifts a day. The other 4 hours are used for changing shifts, changing knives and other maintenance and lubrication activities. Apparently, more than 25 percent of our mill payroll is going to overtime pay. We employ 150 people in these mills.

In addition, we employ another 150 in our logging operations. We operate our own fleet of 50 trucks, and during the height of the season we subcontract another 23 trucks. If S. 1033 were to pass, it would eliminate all our subcontract hauling and probably 20 percent of our own fleet. These are the trucks used in the long hauls for export.

We've heard a great deal of testimony here today. Some of it I understand, but I must confess some of it just plain doesn't make sense. The Morse amendment, for example, limits the percentage of log exports from Federal lands to 350 million board feet annually. Last year the entire Nation only exported 270 million board feet from Federal lands. In fact, we have never come close in the past to the 350 million board feet limitation. This year's figures indicate even less than 270 million board feet will be shipped from Federal lands. Why then, all of a sudden, do we want to increase a limitation we've never even approached?

We are all aware of what has caused the current housing boom. We have followed the post World War II baby boom from infancy until now when they are buying their own houses. We know it is this demand for lumber which has created the shortage, driving the price up. We know it will be over in 2 or 3 years, and we will face a potential market slump just as we had in 1969–70. I know of 8 or 10 mills right here in Oregon that went under during that slump and had to close. That fact, alone, has us cautious about increasing our own production capacity. However, even if we decided to risk capital on the chance something would keep the demand high for another 10 years, it would take us at least until the end of 1974 to build another mill. There is no way an immediate ban on logs, or an extended ban for that matter, is going to appreciably increase the supply of plywood today.

Again, however, even if it could increase the supply, how would you get it to market? Mills in Oregon are threatening to shut down because the railcar shortage has jammed their warehouses to capacity and there is no place to store the finished product waiting for shipment. The Canadians ship it cheaper to the east coast from British Columbia than we can. Is the next step to ban imports of finished lumber from Canada, so we can drive the price up on the east coast where the majority of housing starts are?

I realize these are all complex questions and I don't mean to imply there are simple answers to them. But what do I say when Stacey Shepherd, one of the girls in my office in Springfield, who handles log invoicing comes up to me, as she did the other day, and asks what happens to my job if log exports are banned. My answer, which in reality, is your answer, Senator, is that she will join many others in the Pacific Northwest who will also be jobless.

There can be only one alternative to that answer. If we are going to have jobs for the Stacey Shepherds, the loggers, and the truckers and still ban log exports, then we are going to have to have a subsidy for domestic producers which will enable them to increase head rig capacity and still compete in a volatile world market that periodically produces slumps like 1969–70, which wiped out the smaller operators.

Are you willing to guarantee Stacey Shepherd that kind of a subsidy, Senator, or do you believe the American system can, in the long run, survive in an open market? Thank you.

Senator PACKWOOD. I think your grandfather taught you well.

You heard the testimony from Bronson Lewis. You know the Forest Service study about the number of jobs created by export versus the number of jobs created by milling. If there was unused capacity, and if we could by the restriction of exporting substantially increase milling in Washington and in Oregon and California, would we create more jobs in your estimation?

Mr. MURPHY. Bob, it would scare me to build another plant, even if you promised me the timber. We can't hire skilled labor today. We're shorthanded. We're running at least a dozen skilled people short today. We've advertised all over the Northwest for these personnel. We've had very little inquiry, and we're competitive on a wage scale. It would scare me to build a new plant today, and have to go out and hire the skilled people that are required.

Senator PACKWOOD. Thank you. I appreciate your being here.

Mr. Mason Janes.

STATEMENT BY MASON JANES, VICE PRESIDENT, WESTERN LUMBER MARKETING ASSOCIATION, PORTLAND, OREG.

Mr. JANES. My name is Mason Janes. I represent the Western Lumber Marketing Association, which is an organization of 34 lumber and plywood wholesalers, and producers in four Northwest States and two Canadian provinces. Our member firms ship roughly 100,000 carloads of lumber and plywood each year. These cars contain approximately 3½ billion board feet of wood products. We are extremely concerned about the log export problem. Although, we are predominately an organization of wholesalers, our source of supply is made up of the small and medium size mills in our area, and anything that threatens their continued operation is a threat to us. We, as an association, ask that you ban completely the exportation of logs from Federal forests, and prohibit bidding by log exporters in Government sales. Studies made by the WCLA showed that in the period from 1951 to 1963 the number of operating mills in the Douglas fir area declined by approximately 64 percent. Other figures de-

veloped by the Census Bureau in its census of manufacturers show that the total number of mills in Oregon and Washington declined 47 percent in the period from 1958 to 1967, and the number of mills with over 20 employees declined 24 percent during that period of time. Most of the mills that went out of existence were the smaller ones, and these at one time supplied us with a significant portion of the lumber we sold. The depressed level of prices of wood products during most of that period is undoubtedly one of the reasons for this trend. But, we feel sure that the intense competition for stumpage was another very important factory.

Now, in the exportation of logs—particularly to Japan—we have a new threat confronting us. We are apprehensive about the effect of these exports upon the remaining mills that make up our source of supply. These small and medium size mills do not generally have large holdings of timber, and must, therefore, depend on Forest Service sales. The Japanese come in and offer $200 or $300 per thousand board feet for timber on the stump, driving up the prices not only of private stumpage, but also of Government timber, because the private operators who sell logs to Japan can then come in and bid on Government timber at prices that the producers that supply our group cannot afford to pay. The Western Lumber Marketing Association, therefore, urges, first, that you place a complete ban on the exportation of logs from the Federal forests; and second, that private firms who sell their logs to Japan should not be allowed to bid on Federal timbers so as to substitute—for the logs exported—Federal timber in order to supply their own production facilities here in the United States. Thank you very much.

Senator PACKWOOD. Thank you, sir. I have no questions. I appreciate it.

Carroll Smithson. Go ahead.

STATEMENT BY CARROLL SMITHSON, REPRESENTING THE IZAAK WALTON LEAGUE, ROSEBURG, OREG.

Mr. SMITHSON. Senator Packwood, I am speaking for Charles S. Collins, regional governor for the Oregon division of the Izaak Walton League of America.

Mr. Chairman, and members of the committee, last year, on June 9, Mr. Collins appeared before your committee at Salem, on this same subject. At that time we favored keeping the Morse amendment plus some sort of additional legislation to control the growing practice of exporting privately owned logs and then replacing them with Federal stumpage for domestic manufacture.

Since that time we have heard much dialog designed to convince everyone that the log export problem is really too complicated for anyone to understand, except by those who export logs. We are told that by exporting logs from our forests we can be assured of a better supply of domestic lumber to help reduce accelerating prices of wood products and that our forests will benefit through replacement of decent timber stands.

Frankly, we doubt this kind of reasoning. It's about time we simplified the problem and take a longer range view. We do have good

reason to believe that our timber supply will not stretch to satisfy much more than our domestic need. Each cutting of our northwest timber in the last half century has drastically reduced both land area available for future forest production and the growing site quality remaining. Better than half of our past production has come from lands that are not devoted to growing another crop. Yet our domestic demand for timber products grows each year.

The Izaak Walton League is not a young organization. Some of our members have been around in these northwest woods for 40 years or more. We see the trends much more dramatically than the statistics indicate. I hope our forester friends will pardon our yawn when they tell us the oft-repeated story of how managed forests are much superior and more productive than wild forests. We believe in the practice of modern forestry, but we also see some forest land that is not responding to the textbooks. Improved genetics is often taught as the solution to growing demand. We will believe this when we see some result. At this time there are not enough trees of this type planted to prove, or disprove, their success in the forest. We have not been able to reproduce Port Orford cedar either from seed or nursery stock. This is the fabulous wood that the Japanese are willing to purchase at a cost of $2 for a piece 1 foot square by 1 inch thick.

We will perhaps be a little more charitable toward the forestry profession when the Congress begins to take them a little bit more seriously. We note with alarm that the fiscal year 1974 budget for the Forest Service has been reduced by over 80 percent. We are not qualified to judge just what the overall budget should be, but we know for sure that our future forests are in trouble when these cuts come from such items as reforestation, stand improvement, advanced logging methods, conservation, State and private forestry cooperation and forest construction and land acquisition.

So, with a drastically cut budget, the Forest Service is expected to cut, by executive order, some 10 percent more trees to help ease the timber shortage and reduce domestic lumber prices. I presume they are also expected to get more nonstocked lands into production, do more stand improvement, and generally make up the shortage created by a few timber landowners who wish to, very profitably, supply the export market. Some wonder that we are less than enchanted with the prospect of better forests through improved forestry.

Our interest in forest lands are much more basic than the immediate problem of whether they can afford the strain of making another fast buck in helping to avoid a little diplomatic unpleasantness. We have learned that almost everything that is good and necessary to our way of life here on the western Cascade slope comes from our forest cover. We know that it's required thousands of years forest succession, with each succeeding forest a little more dense and productive than the previous, to produce our yet thin soil mantle and the valley land where we live. For some time we have witnessed the cutting back of our original forest until there is now almost none on the more productive land. For the last 15 to 20 years, we have been cutting more and more of what the Congress first called our timber reserves.

Industry people and some of our public forest managers tell us we are wrong to keep insisting that a few of the natural watersheds with their clear stream be preserved in their natural state. We are told that this watershed, or that watershed no matter how small, represents so many jobs, the life blood of a small sawmill, or a few American homes.

Let us not delude ourselves. Every stick of timber we export will create a stronger demand for timber from our public forests. Our domestic demand will continue to grow as it has in the past. In spite of better forest management, theoretical or otherwise, there will not be enough timber in the northwest to satisfy demands.

With each shipload of logs that leave our ports, we will also export a part of quality of life, our scenery, wildlife and our birthright. We believe that S. 1033, or similar legislation is needed now.

Senator PACKWOOD. I have no questions.

Mr. Bischoff?

STATEMENT BY ELLIS B. BISCHOFF, TIMBER MANAGER, MOUNTAIN FIR LUMBER COMPANY, INDEPENDENCE, OREG.

Mr. BISCHOFF. Senator Packwood, my name is Ellis Bischoff. I am the timber manager and one of the owners of Mountain Fir Lumber Company, Inc., with headquarters located in Independence, Oreg. We have four sawmills in Oregon located at Independence, Maupin, Tygh Valley, and Grants Pass. Our log resources are mainly from Federal lands, but we use significant amounts of timber from our private lands and from other private suppliers.

With regards to your proposed bill, S. 1033, we are in complete accord with the objectives of this bill. There is, however, one significant stumbling block for mills in our category and that refers to the part dealing with the determination of export quotas for non-Federal timber. The bill states that any corporation that did not export timber during the calendar year 1970 would not have an export base. Our company has been fighting the log export situation since 1962 and has exported very little private timber. During 1972 we exported no significant volume of non-Federal timber, but in 1973, due to the pressures brought on by the increased log export market and the terrific demand for stumpage, we had to bid on timber with export in mind, to compete with other mills for wood supply.

If the bill would be amended so that commitments made prior to the enactment of this proposed legislation could be fulfilled without penalty, we would be very glad to complete our commitments basically during 1973 with a little holdover in 1974 and by the year 1976 would be in favor of a very limited volume of all log export.

I am reasonably sure that there are many other firms in this category that would be penalized severly and not be able to fulfill firm commitments if this base is not modified.

The curtailment on log exports is only a start in the right direction. It will help get the pressure reduced on mills and tributaries to ports. What is really needed in conjunction with a significant reduction of log export is legislation that will insure the highest

forest management techniques and finding to increase the timber harvest from both Federal and private lands. Withdrawals of highly productive forest lands from timber harvesting will have to cease in order to prevent a bad situation from getting worse.

In conclusion, without a drastic curtailment of all log export and at the same time a substantial increase in the harvesting of Federal timber, the wood supply outlook is for an inadequate supply of our domestic market.

We wish to thank the committee for the time permitted to make this presentation.

Senator PACKWOOD. Hang on for just a second. Apart from the question you raised about the base year and the cut off, which is a valid question nobody else has raised, but assume that there's no change in export, would you be able to buy all the timber you needed for your operation? Do you have any difficulty getting the timber? You heard Pete Murphy testify that they're able to operate practically at complete capacity, almost totally. Could you do the same thing?

Mr. BISCHOFF. Everybody is in a different situation. This year, as I commented, in 1973, some of the private timber supplies we have purchased did not bid with export prices on the majority, and I'm talking 70 to 80 percent export with 20 to 30 percent remaining for our mill. We would not have been able to compete on the timber. We have been able to buy some of that—some of it that way. We have lost some sales that other people have bought, bidding at extremely high prices.

Senator PACKWOOD. Ellis, what you are saying is this is a vicious cycle. You have to export; you have to buy some export volume to get any for your own mills.

Mr. BISCHOFF. This is right. It's worse in some areas than others. Places in general are much higher due to export. Some of the private firms that we purchase timber from in the past and have a—it's a tentative commitment, if not written. This year we have exported large quantities of timber and those logs were not on the market except at export prices. We didn't even bother to ask them for logs. We're talking about an equivalent to 2 or 3 months' rent of logs for one mill.

Senator PACKWOOD. Thank you. I have no further questions.

Mr. Howard, Whitey Howard? And after this we will take the panel of Mr. Holcomb, Mr. Perry and Mr. Grove.

STATEMENT BY C. W. HOWARD, ON BEHALF OF AARON U. JONES, PRESIDENT, SENECA SAWMILL COMPANY, EUGENE, OREG.

Mr. HOWARD. Senator, I just wish to submit Mr. Jones' report for the record.

Aaron U. Jones is president and owner of Seneca Sawmill Co., Eugene Ore. The company produces about 85 million board feet of lumber annually and employs about 150 people. We are totally dependent on Federal timber for our raw material supply.

Mr. Jones has been actively involved in log exports since 1956. He participated in an Oregon economic mission to Japan in April

1967, was a member of the U.S. industry negotiating team on log exports in Japan in February 1968 and worked closely with Senator Morse and others in the ultimate passage of the Morse amendment in late 1968.

The hearing records leading up to the Morse amendment are as applicable today as then. In fact, more so. Since those hearings, soft wood product demand in Japan has more than doubled, U.S. housing starts have gone from about 1.5 million units per year to about 2.5 million units per year, consumer prices have climbed to all time record highs, and timber supply on U.S. Federal lands has diminished.

Sorry to say, but projections of the 1968 hearings have come to pass or have been exceeded, and the worldwide shortage of softwood products is fact; not an estimation.

The Morse amendment has not accomplished the objective of controlling softwood log exports. The primary reason for lack of meaningful log export control has been the absolute failure of the Federal agencies to execute enforceable, positive antisubstitution regulations to plug this great loophole that prevents some to sell private logs to Japan at extremely favorable tax rates and replace the logs from timber purchased from Federal lands. The substitution practice is far greater than is generally recognized. Furthermore, the Morse amendment would not limit export of non-Federal or non-industrial softwood logs. The volume of these non-Federal and non-industrial loaned timber tracts in the northwest are too significant to be ignored.

Softwood product demand of Japan, Canada and the United States is exceeding all time supply of the three countries, plus available softwood log supply from Russia.

On the available supply side of the problem, Japan has over cut her domestic forests, and is behind in her reforestation and forestry growth programs. Canada has largely developed her forest resource and the percentage rate of increase falling. The U.S. supply is falling rather than increasing due to mismanagement, shrinking land base and failure to invest on sound economic principals and increased softwood timber growth on a long-term basis. The export of almost 3 billion board feet of raw logs from the United States to Japan of course compounds the problem in northwest United States.

Demand in the United States and Japan is currently high and expected to increase. Canadian demand is increasing at about the same rate. It is interesting to note that the Japanese minister of forestry projected in 1970 that 1970–75 would see housing starts at an average of 1.2 million units per year. Yet 1972 saw almost 2 million units constructed. Recent Japanese trade journals and government sources are projecting 1.8 to 2 million units in 1973 or a minimum 9.5 million units by 1977.

A classical demonstration of the supply/demand crunch in softwood products has been clearly shown by spiraling prices in the United States during phase II price controls. The United States attempted to control domestic product prices to the consumer and wound up with prices being established by the Canadians who were not controlled. United States funds in the West competing for raw logs against the Japanese paid more for stumpage, passed through the increased costs and the spiral repeated.

If we are to compete in the world market for a short supply commodity, we should do so in that specific commodity under the same policies and competitive opportunity as the rest of the world. Neither Japan or Canada export raw material in any significant amounts. Only the United States seems willing to sacrifice American labor, capital, and services by selling its raw resources. We play the part of pigeon when we act as a tree farm for Japan on the one hand and become dependent upon Canada who supply our domestic product needs and establish the prices on the other hand. It is interesting to note that the strongest American forest industry proponents of log exports also operate softwood companies in Canada.

Balance of trade has been talked of many times in discussions involving log exports. We cannot possibly understand how 3 billion board feet of logs selling for $400 million to Japan can be interpreted as helping our balance of payments when we import equivalent amounts of lumber from Canada for $750 million. The above material or materials from the logs would all be available to the same markets, the same end uses.

Mr. Chairman, we are here today to testify regarding S. 1033 specifically. We believe this bill, if passed, will effectively and in an orderly manner assure maximum available softwood products to the marketplace in the United States. I absolutely concur in the reasons for the bill as detailed in section 202. I believe the bill would be enforceable as a practical matter. The provisions for permits for surplus items are specific materials, grants, flexibility for changes which may occur. I am grateful for the efforts put forth by Senator Packwood and the committee on this bill and sincerely hope for its passage.

I envision this bill as the ultimate solution to log exports, although some base export volume such as 1 billion board feet, as discussed with the Japanese in 1968, might be considered as a maximum log export volume limitation. I firmly believe we need an immediate halt to the sale of any Federal timber for export, and immediate positive anti-substitution regulations and enforcement applicable to all Federal timber under contract until such time as S. 1033 or similar measure can be enacted.

Senator PACKWOOD. I would like, Whitey, to ask the same questions I have just asked Mr. Bischoff, and the question that Pete Murphy raises. Being almost totally dependent upon public timber, realizing the exports, how is he able to get enough to keep all of his mills operating almost at 100-percent capacity, when so much of the other testimony we'll hear from very good operators as contrary to that?

Mr. HOWARD. Well, I think, Senator, one of the aspects is that we operate in the same area that some of Mr. Murphy's operations are. I think that since he does export a lot, he has some flexibility that those of us who refused to export do not have. One of the things we will have to face in the event of failure of S. 1033, or the Morse amendment will be to get in the same ball game, and if we choose to take the flexibility in bidding that Mr. Bischoff has stated and Mr. Murphy, to bid in for the flexibility of going into exports or playing the domestic market, we can do so. Some plants will run at maximum. Mr. Murphy's sales I think, exceed what he manufactures

in his plant. So that his flexibility is far different than ourselves, who operate 100 percent of the timber that we purchase.

Senator PACKWOOD. How many shifts are you operating now?

Mr. HOWARD. We operate two 8-hour shifts, 5 days a week.

Senator PACKWOOD. Coud you increase your capacity at all?

Mr. HOWARD. Oh, yes.

Senator PACKWOOD. How?

Mr. HOWARD. We have in times in the past increased our capacity by 9-hour shifts and 6 days. We've also discussed possibly a 3-day and 4-day week, which would amount to possibly a four shift operation for 7 days. We dropped them, because we do not have adequate timber.

Senator PACKWOOD. But if you had adequate timber you could do that?

Mr. HOWARD. Senator, we wouldn't need a guarantee. If we had a reasonable chance at it, and we look at the economics of that operation, we can do it.

Senator PACKWOOD. Thank you. I have no further questions.

Mr. HOWARD. Senator, may I make one comment?

Senator PACKWOOD. Yes.

Mr. HOWARD. On balance of trade, we've talked to some of the conference from the academic community and the banking community, and we have a hard time communicating with them. Every time we get involved talking about economic theories, we still get back to the fact that we got $400 million exporting and spent $750 million importing, and they will all admit under further productive manufacturers, every hand that participates through the transportation and distribution chain increases its spread of the values of the manufactured entity, and using just the bare dollars is the lowest figure you can get as to which direction balance is in.

Senator PACKWOOD. Thank you. Let me ask you this; you raised a point; we haven't touched on it yet: Assume the exports were cut off or restricted, is it a natural presumption that we could reduce imports from Canada if we reduced our exports from Canada. if we reduced our exports to Japan?

Mr. HOWARD. Senator, you have a triangle, from Canada, Japan, and the United States. Mr. Jones' written testimony points out there is a shortage of softwood products in these countries over the demand of those three countries, plus the availability of softwood supplies from Russia. In the marketing of any commodity, we say the least we can do is operate under the same competitive situation in that commodity; not act as a pigeon and trade off our raw resources. We should operate in commodity. Japan will go to Canada. They will come to the United States for products if they cannot get logs. That market in Eastern and Midwestern United States will be relief in the Canadians, if the Canadians undersell to Japan, and the west coast supply will go to the Midwest and East, and it can go in a circle, making the same commodity available to the same markets. And we believe this is fair competition.

Senator PACKWOOD. We had testimony several weeks ago in Washington, which pretty conclusively stated what we are exporting to Japan, with very slight variations; about what we are importing from Canada in terms of species.

Mr. HOWARD. Very much so.

Senator PACKWOOD. Mostly spruce, hemlock and fir. Now, you are saying if we were to restrict the export of roughly 3 billion board feet of logs we wouldn't have to import roughly $738 million worth of lumber; that there would be a tradeoff?

Mr. HOWARD. There would be a tradeoff, although they are not identical.

Senator PACKWOOD. I understand that.

Mr. HOWARD. But there is absolutely a tradeoff, and it's nothing direct relationship in terms of volumes, but it would be in dollars.

Senator PACKWOOD. Would it result in helping or hurting our balance of trade with Japan and Canada, totally, if we were to stop the exports and reduce the imports, help or hurt the balance?

Mr. HOWARD. It will help considerably, because the ratio and the resources and manufactured products absolutely help in terms of dollars.

Senator PACKWOOD. Thank you. I have no other questions.

Mr. Holcomb, Mr. Perry and Mr. Grove. Mr. Holcomb is representing the Washington Public Ports Association. Mr. Perry is with the Port of Tacoma and George Grove the Port of Astoria.

Mr. Perry, do you have a statement prepared?

STATEMENTS BY LEWIS HOLCOMB, EXECUTIVE DIRECTOR, WASHINGTON PUBLIC PORTS ASSOCIATION, OLYMPIA, WASH.; ROY PERRY, REPRESENTING THE PORT OF TACOMA, WASH.; AND GEORGE R. GROVE, REPRESENTING THE PORT OF ASTORIA, OREG.; STAN ROSE, REPRESENTING EXETER LUMBER SALES, LONGVIEW, WASH.

Mr. PERRY. Yes; do you have copies available?

Mr. HOLCOMB. Thank you, Senator. I am Lewis Holcomb, executive director of the Washington Public Ports Association with offices in Olympia, Wash. My residence is also Olympia, Wash. The association which I represent is a service, liaison, and coordinating agency for the ports of the State of Washington. If there was any particular magic in numbers of witnesses, we could have filled this hall and your witness agenda with port officials who are anxious to make their feelings known on this issue. In the interest of courtesy to the committee, and other witnesses who wish to be heard, our members have requested that my testimony be considered to be theirs, and let the record show that my statement has their unqualified support and endorsement.

The ports of Washington are pretty well pleased with their track record in foreign trade. They maintain an aggressive trade promotion program throughout the world in encouraging the sale of our Nation's goods and the movement of cargo, both export and import, through Washington ports.

Success of this effort is demonstrated by the fact that for the first time in history that two-way trade through Washington topped the 5 billion mark.

Senator PACKWOOD. Come up closer to the microphone. We can't hear you.

Mr. HOLCOMB. As I was saying, the—for the first time in history that two-way trade through Washington topped the $5 billion mark. A notable feature of that trade record, however, is that through Washington ports the exports exceeded imports by about $1/2 billion. This was a bright spot in a national trade deficit that totaled $6.4 billion. A statement from the Washington State Department of Commerce and the Economic Development is attached. And, by the way, that paper this morning indicates grain exports in the year 1973 are going to be down drastically.

The ports of Washington have vigorously favored and worked for our expanding world trade program. My appearance today is consistent with previous articulations on this issue.

Now, the issue before us today is legislation which would ban the export of softwood logs. Of recent months, this embargo of log exports has been stated to be for the purposes of increasing lumber and plywood supplies, and reducing the prices for those products.

I think testimony on this issue both here and in Washington, D.C. has amply demonstrated that this legislation would do nothing of the sort.

American Plywood Association people have admitted, in print, that their mills are running at over 100 percent capacity. Their testimony in Washington, D.C. stated that they have about a 15 percent inventory of plywood available that they cannot get to market because of transportation problems due to the Jones Act and dearth of railcars.

Mr. Joseph McCracken, whose name appears on today's witness list, has been a publicly vocal opponent of log exports for many years. It was not so long ago, shortly after passage of the Morse amendment, that he was in my office for a meeting, called at his request, to ask for help in getting permission for some of his members to export logs that they had purchased for that purpose. In the Oregon Journal of Northwest Business, March 20, 1973, he—speaking for the Western Forest Industries Association—stated that the price of lumber has no relationship to the cost of manufacturing it. A copy is attached.

A brochure of the National Homebuilders Association printed for public distribution states that the higher cost of homes is due to increased labor, land, plumbing, and money costs.

In any case, if you're looking for an immediate solution, you won't find it in a ban of log exports. If you stopped exporting logs right now it would be months and months before additional timber would be sold, logged, transported, and cut into timber, even if you could find the sawmills to cut it, and the railcars to haul it.

I will concede that lumber prices are higher than I would like to see them. I will also concede that lumber and plywood are probably in short supply in some areas of our Nation. But I cannot concede that this is due to the export of logs, or that a cessation of exports will solve these problems. Quoting from the Oregon Journal story about the interview with Mr. McCracken again he said, speaking of lumber prices and producers, "They charge the most the market will pay; it's dependent on supply and demand alone."

Log exporting in the Pacific Northwest started with a big wind, and there has been a lot of wind in the issue ever since. The Colum-

bus Day storm of 1962 blew down billions of feet of timber. It had to be brought out of the woods before fire problems were insurmountable and insect infestations became epidemic. The lumber market was low and domestic mills didn't want the salvage; overseas customers did. They did us a favor then by purchasing the downed timber. Their buying has been an economic favor to us ever since.

But it did one other thing that in my opinion strikes right at the heart of this entire issue. It injected an element of competition into the purchasing of public timber that those producers who rely on public timber have not counted on and could not control. They have been trying to force that buying competition out of the picture ever since. If they are successful, any reduction in stumpage prices means more profits at the other end. That it might mean economic chaos to another segment of the business economy does not seem to worry them one bit.

The log export business in the State of Washington is big business. You have heard, or will hear, statistics relating to the quantity, distribution, source, species, and supply of log exports. They can make their points, and I will try to make mine. If Congress is going to try to solve the problems of Oregon lumber producers by creating vast unemployment, higher taxes and reduced income for people of the State of Washington, then we just have to object and state our case in the strongest possible way. Twelve ports of Washington are involved in the export of logs. For four of them it is virtually the entire economy of the port complex. For those an embargo on log exports would be fiscal ruin. For the remainder it would result in severe damage in varying degrees.

Senator PACKWOOD. Let me interrupt you. Would it be fiscal ruin if instead of exporting logs we exported lumber?

Mr. HOLCOMB. It would probably be appropriate to do so, but that's not something that can be guaranteed on immediate basis or even down the roadways.

Senator PACKWOOD. If it could be guaranteed, the Japanese would be willing to purchase lumber from us as they do from British Columbia then it would not be chaos for the ports.

Mr. HOLCOMB. I have to admit what you say is correct to a certain extent. If you can immediately transfer the tonnage of logs into tonnage of lumber exported, it wouldn't make a bit of difference what cargo they moved out. You cannot make that guarantee. As a matter of fact, I find it highly unlikely if a nation has a proclamation to supply overseas customers with a commodity distinct and direct—with a distinct and direct demand, they would find it awfully difficult to come back in on an unequivocal basis and purchase our lumber.

Senator PACKWOOD. Well, now—

Mr. HOLCOMB. They might be able to do so, by long range, very close association, but not force.

Senator PACKWOOD. When you make the statement if we could produce the lumber immediately or converted, are you indicating here a lack of productive capacity that we could not shift over—increased rapidly enough——

Mr. HOLCOMB. I'm certain that must be a determining important factor in this. I don't believe that there is capacity.

Senator PACKWOOD. OK. We'll have testimony about capacity a little later on. But what you are saying is that there is not capacity, and if a lumber market was available overseas, then the ports wouldn't hurt.

Mr. HOLCOMB. Well, I have to admit, I guess, that what you are saying is probably correct, but there are sure some big ifs in that statement.

Senator PACKWOOD. Go ahead.

Mr. HOLCOMB. About 2 billion board feet of logs moved through Washington ports last year. That's about 11.5 million tons. Studies have shown that the movement of cargo generates a direct economic impact to the port community involved. That impact varies from a low point for liquid bulk to a high for break-bulk general cargo, but reaching around $18 for logs. Just plain arithmetic puts the economic impact at more than $200 million. That does not involve the value of the logs, but just the other economic factors involved. About half of that is payroll impact. A cable relating to this is attached. Statements have been made that there are about 8,000 jobs involved directly with log exporting alone. As close as we can figure that number is accurate. You stop log exports, and you stop the sales, perhaps for a long time until they can be reabsorbed into the job market.

This issue has been a subject of many hearings. I testified on June 9th, a year ago, in Salem in a similar setting. The answer to lower lumber prices in the east, and a greater supply, is tied up with many factors. Cure the transportation problems, and you will have made a great step forward. Get Congress to face up to the fact that the bureaucratic monster called the U.S. Forest Service is incapable of appropriate action without significant changes, including funding, and you will perhaps be able to get more timber on the market where it counts most. But if you think that stopping log exports in Washington will cure Oregon's problems, or lower the price of two by fours again, you are swapping one group's livelihood for another group's profit.

Senator PACKWOOD. Let me ask you this: You made some reference to Mr. McCracken's statement and he may wish to elaborate when he comes on, but are you saying or just quoting prices that the price of lumber has no relation to the price of stumpage, and the price of manufacture; that it is solely supply and demand, and the cost that goes into manufacturing is irrelevant?

Mr. HOLCOMB. When I say that, Senator, I know these people in whom I considerably believe in their ability in forest management and the lumber and sawmill business; I have no expertise in that business myself.

[Full statement of Mr. Holcomb follows:]

STATEMENT OF LEWIS R. HOLCOMB, EXECUTIVE DIRECTOR, WASHINGTON PUBLIC PORTS ASSOCIATION

Thank you, Mr. Chairman.

I am Lewis R. Holcomb, Executive Director of the Washington Public Ports Association with offices in Olympia, Washington. My residence is also in Olympia, Washington.

The Association which I represent is a service, liaison and coordinating agency for the ports of the State of Washington. If there was any particular magic in numbers of witnesses we could have filled this hall and your witness

agenda with port officials who are anxious to make their feelings known on this issue. In the interest of courtesy to the committee, and other witnesses who wish to be heard, our members have requested that my testimony be considered to be theirs and that the record show that my statement has their unqualified support and endorsement.

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American Plywood Association people have admitted, in print, that their mills are running at over 100% capacity. Their testimony in Washington, D.C. stated that they have about a 15% inventory of plywood available that they cannot get to market because of transportation problems due to the Jones Act and dearth of rail cars.

Mr. Joseph McCracken, whose name appears on today's witness list, has been a publicly vocal opponent of log exports for many years. It was not so long ago, shortly after passage of the Morse Amendment, that he was in my office for a meeting, called at his request, to ask for help in getting permission for some of his members to export logs they had purchased for that purpose. In the Oregon Journal of Northwest Business, March 20, 1973, he (speaking for the Western Forest Industries Association) stated that the price of lumber has no relationship to the cost of manufacturing it. A copy is attached.

A brochure of the National Home Builders Association printed for public distribution states that the higher cost of homes is due to increased labor, land, plumbing and money costs.

In any case, if you're looking for an immediate solution, you won't find it in a ban of log exports. If you stopped exporting logs right now it would be months and months before additional timber would be sold, logged, transported, and cut into lumber . . . even if you could find the sawmills to cut it . . .and the rail cars to haul it.

I will concede that lumber prices are higher than I would like to see them. I will also concede that lumber and plywood is probably in short supply in some areas of our nation. But I cannot concede that this is due to the export of logs, or that a cessation of exports will solve these problems. Quoting from the Oregon Journal story about the interview with Mr. McCracken again he said, speaking of lumber prices and producers, ". . .They charge the most the market will pay; it's dependent on supply and demand alone. . .".

Log exporting in the Pacific Northwest started with a big wind . . .and there has been a lot of wind in the issue ever since. The Columbus Day storm of 1962 blew down billions of feet of timber. It had to be brought out of the woods before fire problems were insurmountable and insect infestations became epidemic. The lumber market was low and domestic mills didn't want the salvage. Overseas customers did. They did us a favor then by purchasing the downed timber. Their buying has been an economic favor to us ever since.

But it did one other thing that in my opinion strikes right at the heart of this entire issue. It injected an element of competition into the purchasing of public timber that those producers who rely on public timber had not counted on and could not control. They have been trying to force that buying competition out of the picture ever since. If they are successful, any reduction

in stumpage prices means more profits at the other end. That it might mean economic chaos to another segment of the business economy does not seem to worry them one bit.

The log export business in the State of Washington is *big* business. You have heard, or will hear, statistics relating to the quantity, distribution, source, specie and supply of log exports. They can make their points and I will try to make mine. If Congress is going to try to solve the problems of Oregon lumber producers by creating vast unemployment, higher taxes and reduced income for people of the State of Washington then we just have to object and state our case in the strongest possible way.

Twelve ports of Washington are involved in the export of logs. For four of them it is virtually the entire economy of the port complex. For those an embargo on log exports would be fiscal ruin. For the remainder it would result in severe damage in varying degrees.

About two billion board feet of logs moved through Washington ports last year. That's about 11.5 million tons. Studies have shown that the movement of cargo generates a direct economic impact to the port community involved. That impact varies from a low point for liquid bulk to a high for break-bulk general cargo, but reaching around $18.00 for logs. Just plain arithmetic puts the economic impact at more than $200 million. That does not involve the value of the logs, but just the other economic factors involved. About half of that is payroll impact. A table relating to this is attached. Statements have been made that there are about 8,000 jobs involved directly with log exporting alone. As close as we can figure that number is accurate. You stop log exports and you stop those jobs, perhaps for a long time until they can be re-absorbed into the job market.

This issue has been the subject of many hearings. I testified on June 9, a year ago, in Salem in a similar setting. The answer to lower lumber prices in the East, and a greater supply, is tied up with many factors. Cure the transportation problems and you will have made a great step forward. Get Congress to face up to the fact that the bureaucratic monster called the U.S. Forest Service is incapable of appropriate action without significant changes, including funding, and you will perhaps be able to get more timber on the market where it counts most. But if you think that stopping log exports in Washington will cure Oregon's problems, or lower the price of 2 x 4's in Bethesda, you're swapping one group's livelihood for another group's profit.

SEATTLE DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT, NEWS RELEASE, FEBRUARY 14, 1973

IMPORTS-EXPORTS

Export of goods through Seattle Custom District ports showed an $86 million dollar decrease in 1972, it was announced today by Daniel B. Ward, director of the Department of Commerce & Economic Development. The decline was the first to be registered in five years.

Further devaluation of the dollar, which just occurred, could have a beneficial effect on future exports through Washington ports, Ward said, making American goods cheaper in foreign markets, and conversely, imports higher here.

Imports, meanwhile continued to increase and reflected a $439 million gain over last year.

In spite of a narrowing gap between imports and exports, however, the state's two-way shipping reach $5 billion for the first time in history, Ward said.

The state's ports saw net exports for 1972 of $433 million down from $959 million registered last year.

Total exports through Seattle Custom District ports, which include all shipping points in the state but those on the Columbia River, amounted to $2.4 billion. Imports were valued at an even $2 million.

The $5 billion two-way trade for the state, Ward said, includes estimated figures for Columbia River ports as well as firm figures already tabulated for the Seattle Customs District.

Ward said the drop in exports last year can be attributed mainly to a drop in the sales of aircraft and aircraft parts overseas, which amounted to $400 million.

The surge in imports, Ward said, is not particularly surprising in view of the national trend to buy more and more foreign foods, especially from Japan. Washington ports, he said, due to their location and overland shipping capabilities, are a natural route for this flow and therefore are experiencing rapidly increasing imports.

[From Northwest Business, Mar. 20, 1973]

SEAGOING SAWMILL STORY WON'T GO AWAY

(By Phil Adamsak)

A Journal reader heard about a seagoing sawmill one night last week.

She was listening to KGO, the San Francisco talk-format station, when a caller said he had seen this ship-mounted 2x4 factory, filling the air with clouds of sawdust and smoke just outside the U.S. territorial limit.

It was sawing American logs into lumber for resale within the U.S., he said.

A little later, the reader relates, a second caller said the story was true and he'd been in the business himself; he described it as an unsavory trade.

"Is this true?" she asked.

Wayne W. Gaskins, forester for the Western Forest Industries Association, laughed ruefully when queried, and said the story has been around for years and no amount of debunking makes it go away.

Equally mysterious, in the views of some forest economists, is the assertion that high-priced logs are the reason for high-priced lumber.

The executive secretary of the Western Forest Industries Association, Joseph W. McCracken, was adamant on this point.

"There is no relationship between the price of lumber and the cost of manufacturing it," he insisted.

None at all? Doesn't an expensive log make an expensive 2x4?

"No Sir," answered McCracken, a man who has made a career of representing the lumbermen who depend on public-lands timber because they don't own their own forests.

"They charge the most the market will pay; it's dependent on supply and demand alone.

"In fact, there have been times within recent years when quite a few mills offered lumber below the price of the timber they'd cut it from. They had to; the market was down that far, and they had these expensive logs, and were forced to get money out of them somehow, to keep operating."

A forceful talker, McCracken was stunned into silence to learn that Weyerhaeuser Co., his traditional bogey man, was saying the same thing.

"Well, it's so," said McCracken, finally.

Then what's the point in trying to cut back on log exports, and leaning on the forest service for heavier logging?

Poise recovered, McCracken analyzed the difference between Weyerhaeuser's and his points of view.

Weyerhaeuser says the lumber mills are at capacity right now, and couldn't make any more lumber if they had to, and that's the reason lumber is at the highest price in history, and plywood is pushing for a record.

The independents say Weyerhaeuser's claim is just untrue. "I've asked them, mill after mill after mill, and they say they're only working one shift a day, five days a week, because of the log shortage.

"Go back to 1955 when we had a hell of a hot market, too. These guys ran 'em all the time, around the clock, seven days a week. I'm sure they did the same thing in the '60s. The first time they didn't really respond to a hot market was in 1969, and that was because the logs were getting tight—the Japanese were into the business by then."

How can that hold water, he was asked, when there's almost 11 billion board feet of timber in the national forests of the Pacific Northwest, under contract to mills right now and yet to be cut.

"Well, they're looking ahead," insisted McCracken.

"No prudent mill operator is comfortable when he's got less than two and a half years of timber to work on. Right now, I'd say the typical mill has much less than that—maybe down almost to 2 years worth, and that's not safe."

Then how is it going to help lumber prices today to stop exports and increase the allowable cut in the forests when there are already uncut logs on hand?

"It isn't, really," McCracken agreed. "It won't help now. But it will produce a long-term effect on production capacity, that's a good thing."

If McCracken's right, why are the trade groups calling for embargoes, convening crisis marches in Washington, and preparing legislation to stop exports?

WASHINGTON STATE PORT REVENUE AND PAYROLL IMPACT—LOG EXPORTS, 1972

[Dollars in thousands]

Port name	Logs exported,[1] FBM/ Scribner (millions)	Port revenues ($5 per thousand)	Longshore wages ($7.70 per thousand)	Logging hauling ($45 per thousand)	Payrolls[2]		Total payrolls
					Sorting rafting ($4 per thousand)	Clerical administration ($2 per thousand)	
Grays Harbor	518	$2,590	$3,985.6	$23,310	$2,072	$1,036	$30,406.6
Anacortes	26	130	200.2	1,170	104	52	1,526.2
Bellingham	35	175	269.5	1,575	140	70	2,054.5
Everett	250	1,250	1,925.0	11,250	1,000	500	14,675.0
Olympia	143	715	1,101.1	6,435	572	286	8,394.1
Port Angeles	222	1,110	1,709.4	9,990	888	444	13,031.4
Willapa	23	115	177.1	1,035	92	46	1,350.1
Seattle	17	85	130.9	765	68	34	997.9
Tacoma	430	2,150	3,311.0	19,350	1,720	860	25,241.0
Vancouver	7	35	53.9	315	28	14	410.9
Longview	164	820	1,262.8	7,380	656	328	9,626.8
Kalama	5	25	38.5	225	20	10	293.5
Total	1,840	9,200	14,168.0	82,800	7,360	3,680	108,003.0

[1] Washington State facilities only. Some Washington logs are shipped over Oregon State facilities. Source: Washington Public Ports Association, 1973.

[2] Payrolls are 45.9 percent of the revenue distribution attributed to cargo movements. Source: Delaware River Port Authority Study, 1962.

Senator PACKWOOD. OK; thank you.

Mr. Perry from the Port of Tacoma.

Mr. PERRY. Senator Packwood, ladies and gentlemen, my name is Roy Perry. I am a general manager of the Port of Tacoma, Port of Pierce County, Wash. We're a publicly owned agency responsible to the taxpayers of Pierce County. I am here representing the elected commissioners of the Port of Tacoma. I propose to cover rather briefly a few of the rather salient points concerning the impact of Senate bill 1033—the impact that Senate bill 1033 would have on our port and our community, our State and our Nation.

Mr. Holcomb covered, and I think, in considerable detail, and also quite effectively, our position for the most part, but I think we have salient points that should be brought out in addition

In the past few years, the Port of Tacoma has gone from a relatively small terminal to a position of being one of the larger ports on the Pacific coast. We've accomplished this by concentrating our efforts in developing major export facilities and have attracted cargo from the midwest and western sections of the United States. In fact, our exports, excluding grain, for the past 5 years, have exceeded our imports from—by a factor of 2 to 1.

In order to provide these facilities within the past 4 years, we have issued a $40,850,000 worth of revenue bonds, which do not require any subsidies from our local taxpayers. To eliminate a major segment of our revenue through the ban of log exports, in

this case, in excess of 30 percent, would seriously jeopardize our ability to provide debt service for these outstanding bonds. Current plans on our drawing boards will provide another major expanding plan for the port, including additional terminals, terminal complexes, are probably equally important to our community, our people oriented facilities, such as boat mariners, sanitary and pollution control installations. Without our ability to urge revenues, these programs will never get off the drawing board.

Turning to other facets of the bill, which are particularly onerous, in our opinion, is the serious attack the bill proposes against American free enterprise, the American free enterprise system. Further, it appears the main target of the bill is the State of Washington, and it provides serious infringement on the rights of the State. From a national standpoint, we think this is legislation that is not warranted, and poorly conceived due to the impact it has on national balance of payments problem, and it will immediately eliminate a major source of revenue to our country, when we are facing so desperate an international monetary crisis brought on by a balance of our deficit.

Another consideration worthy of note is the damage such a bill to the United States' posture from fostering free international trade and the probable result of retaliatory measures taken by Japan. Thank you, sir.

Senator PACKWOOD. Do I assume that from your statement, and I'm quoting: "The serious attack the bill proposed against the American free enterprise system." Are you suggesting, in terms of trade, the Federal Government should have no restriction on any item of any kind; that we should be involved in straight-out free trade in world market situations, no matter what?

Mr. HOLCOMB. I think probably it would be a very Utopian situation. It would be desirable, no question of that. However, you are quite well aware, as is everybody here, that the President is asking for certain powers that would permit him to negotiate in the foreign markets. I do not think this is bad or particularly bad, and I believe that if I've read the newspapers correctly on this, that he is primarily concerned with the countries where we do not get a reasonable sale break on the import products into these countries.

Senator PACKWOOD. Well, specifically, I'm asking about raw materials in short supply, and the policy we have followed for years, and most countries do follow, under the Export Control Act of not allowing the exports of raw materials in short supplies when we don't have enough domestic needs. Are you saying that's a bad policy?

Mr. HOLCOMB. This is very much like saying have you stopped beating your wife. Senator, if I say yes, I'm going to have to qualify the statement. I think it's been proven from testimony that's been presented here before that in about 1969, 1971, logs were not in short supply. Everyone was very eager to get them into the export market.

Senator PACKWOOD. Let me interrupt you for a moment. As we're going, you are right. There's disagreement as to whether or not

we have the supply, what our productive capacity is, and we've got quite a number of witnesses on both sides of the issue. Under the bill, as proposed, we are allowed to export logs from this country, as they are in surplus to domestic needs. That is not prohibited. So, the only time you can't export them is when we cannot take care of our domestic needs. Are you saying that's a bad policy?

Mr. HOLCOMB. I think it's been brought out in testimony today that this is probably a very difficult thing to administer, and I hesitate to use the word bureaucratic system, because I'm in it myself, but——

Senator PACKWOOD. How does British Columbia manage to do it?

Mr. HOLCOMB. I'm really not qualified to answer that.

Senator PACKWOOD. You know they don't export logs unless their domestic needs are taken care of. That's been the policy for years.

Mr. HOLCOMB. I think if you look at the population of Canada, and the total demands that they have on their resources, and the tremendous resources that they have up there, I don't think we are comparing the same type of a situation here. I think from what I've seen in the little I've seen of Russia, they have just absolutely an unbelievable resources in this regards. I think Canada is somewhat in the same situation. Their total resources compared to their demand is very small.

Senator PACKWOOD. They have extraordinary forests; Alaska has extraordinary forests. Of course, we don't allow export of unprocessed logs from Alaska. Siberia does have a fair volume of forest land. There's a serious question whether we have sufficient forests in Oregon and Washington to take care of our needs here. If we were ever left with a domestic wood shortage in this country, why should we allow the exports of logs?

Mr. HOLCOMB. I'm not sure that it's been proven that we are. We may be short of the finished products, yes, but I think that this probably is a result of quite a number of factors, including economics, transportation, and the old law supply—the old law of supply and demand—having the finished product where it's needed, at the time that it's needed. I think these are all factors involved in there. I do not believe it has been clearly demonstrated that the banning of export logs would have this much material effect on the availability of these products.

Senator PACKWOOD. Well, we're going to hear more about this. I see Bill Hagenstein sitting in the front row, and he'll argue very ably about the great unreachable, at the moment, salvage volume on the Forest Service lands, rotting away that we haven't yet gotten to.

I want to come back to the premise of the question, because what we're trying to prove or disprove in these hearings is one major issue: Is there a sufficient supply of logs? If it's short, and indeed we can't get at it, should we still allow the export of logs?

Mr. HOLCOMB. I don't believe, Senator, that anything in my testimony said anything about whether or not there was a shortage of supply or not.

Senator PACKWOOD. I know.

Mr. HOLCOMB. Because I'm not qualified, really, to make that statement. I am only testifying on the subject I have some expertise in. That is not one of them.

Senator PACKWOOD. I'm saying if we conclude that there is a shortage, what should be our policy?

Mr. HOLCOMB. Senator, may I respond to that, sir?

Senator PACKWOOD. Yes.

Mr. HOLCOMB. I believe I can speak for all the ports in the State of Washington, and I think I can certainly speak for all the people in the State of Washington, although I wouldn't assume to do so. If you can find a commodity in our Northwest area that is proven to be in short supply, that is definitely needed for the sustenance for our State and our Nation, we would be damned fools to export, and I don't think any one of us, if it can be so proven, and can be shown, because we are Americans, too.

Senator PACKWOOD. Thank you.

George, go ahead—George Grove, Port of Astoria.

Mr. GROVE. Senator Packwood, ladies and gentlemen, my name is George R. Grove. I'm general manager of the Port of Astoria. The Port of Astoria is a municiple corporation embracing all of Clatsop County, Oregon, as a port district. It was organized under the general laws of ports, State of Oregon, enacted by legislative assembly of 1909.

The quality of life in a nation and its position among the nations of the world is dependent upon sound international trade. It should be the policy of Congress to enact the foreign trade policy that will open up and maintain access to foreign markets, enabling a flow of goods and services in both directions. The proposed restrictions on the exportation of softwood logs would be injurious to the national welfare.

Oregon Customs District exports during 1972 to Japan were valued at $288,365,872. Imports from Japan were valued at $202,477,536. Restricting the exportation of softwood logs would bring an end to the favorable balance of trade between the Oregon Customs District and Japan.

Ships using the Port of Astoria during the fiscal year of July 1, 1971 through June 30th, 1972 used 363,368 longshoremen-hours. The payroll created was approximately $3,600,000. Export tonnage was 97 percent of all tonnage of that 71 percent was softwood logs. If the Port of Astoria was to lose this tonnage, the port would be in financial trouble. The effect of having any payroll reduced by approximately $2,500,000 in this area would be most injurious, if not disaster. The economic welfare of many highly populated areas in the Northwest are based upon the availability of forests on private Government-owned lands. This is certainly the case in Astoria, and Clatsop County, Oregon. We therefore strongly urge Congress not to enact legislation to ban the exportation of softwood logs, but that Congress does or should appropriate a sum of monies large enough for the agencies controlling national forests to do an efficient and economical job of forest management.

We, therefore, strongly urge that Congress not only does not enact legislation to ban the exportation of softwood logs; but that Congress does appropriate moneys for the development of our national forests; and that Congress does enact a foreign trade policy that will encourage the flow of goods and services between ourselves and other nations.

Senator PACKWOOD. George, let me propose to you the same question I proposed to the others. If we have an overseas lumber market or Japanese lumber market, the effect of S. 1033 would not be devastating to the ports, would it?

Mr. GROVE. If that were fulfilled, it would be a tradeoff, and we would have to admit this would be the exportation of lumber, would be just as well off——

Senator PACKWOOD. The reason I asked that is because I don't think there is any serious dispute of, in terms of total jobs—we can make more jobs on manufacturing and milling lumber, and then if we guarantee we can sell it overseas, it would benefit substantially the companies of Oregon and Washington.

Thank you. Good presentation. Gentlemen, I appreciate it.

Mr. McCracken and Mr. Rose.

I might indicate after we take a break, when we come back, there is—this is the last of the morning's panel. We'll come back after a 10-minute break and Bert Cole is here, and we'll start with him.

Go ahead, Joe.

STATEMENTS BY JOSEPH W. McCRACKEN, EXECUTIVE VICE PRESIDENT, WESTERN FOREST INDUSTRIES ASSOCIATION, PORTLAND, OREG.; AND STAN ROSE, LONGVIEW, WASH.

Mr. McCRACKEN. Senator Packwood, I'm Joe McCracken, executive vice-president, Western Forest Industries Association, Portland, Oreg. On my right is Mr. Stan Rose, owner of two small mills in Washington. I'm very pleased and able to be with him today. It was a situation that developed yesterday that I thought should be brought before the committee's attention. I would like to sum up some of the essential points, which I feel have been well documented in the record of the many hearings which this committee has conducted on the log export and timber supply problem. The record substantiates the overwhelming fact that we are in a softwood saw log supply crisis in relation to the existing and future demands. The pieces of information I would put in the record which punctuate this crisis are: (1) In the last issue of Fortune magazine appeared an article entitled "The Remodeling of Japan." This article pointed out that to improve the quality of Japanese life a score or more of new cities would be built in Japan along with the destruction of many factories and slum areas around the existing population centers. These cleared areas would be replaced with housing developments and parks. The Remodeling program has been worked out in great detail and is projected to cost one trillion dollars. Premier Tanaka has stated, quoting to the article, that the program will be completed by 1985.

(2) In the current issue of Dunn's magazine there is an article about the Weyerhaeuser Co. This article quotes George Weyerhaeuser, the chief executive officer of that company, as stating that the 1972 level of exports in forest products to Japan of around $400 million will increase by 1980 to $2 billion annually. He added that his company's share of that future market would be maintained.

(3) The Japan report issued by the Japan information service on September 15, 1972, showed that the percentage of Japa-

nese domestic supply provided from Japanese forests declined from 89 percent to 46 percent between 1960 and 1970. This report indicates that the actual volume from Japan's forests will likely continue to decline, particularly mentioning environmental concerns as a basis for decreased cutting from Japanese public forests.

ice on September 15, 1972, showed that the percentage of Japa-

The demand for softwood timber resources in the United States needs a little elaboration. The housing goals established by law into legislation eminenting from this committee indicate that our demands for softwood will also be increasing over the years ahead. Western Timber Industry of September 1972, summed up this picture very distinctly. The question was asked, "Will there be enough logs in the long term to supply United States softwood needs plus those of Japan?" It seems unlikely there are many knowledgeable people left who would answer "yes," to that. I would only add that this hearing record and the increasing lumber and plywood prices in the United States are testimony to the fact that there indeed is not enough timber at reasonable prices even now for the needs of both countries.

The hearing record on this log export issue, I think, also amply confirms that exporting raw logs to Japan and replacing those exports with equivalent imported lumber from Canada poses a serious balance of trade problems with the United States. Dr. Dunlop, director of the Cost of Living Council and a professor of economics from Harvard University, confirmed before your committee 2 weeks ago Monday that in 1972 our balance of trade suffered a new loss of about $400 million.

The argument has been made that it would not do any good to reduce log exports as the existing sawmill and plywood capacity in the west coast area could not use any of the exported logs because they are running to full capacity. Mr. Chairman, I am sure the hearing record up to this point refutes this absurd contention. Indeed, I am sure that today and in San Francisco you will hear testimony from mills that have personally curtailed production and who will surely be curtailing production even more.

An equally absurd position has been stated that the price of logs has no relationship whatsoever to the price of lumber and plywood. Indeed, the statement was made in the Record in Washington, D. C. 2 weeks ago yesterday that even if logs went to $500 per thousand board feet there would be no impact on the price of lumber and plywood. This allegation plays loosely with very short run supply and demand situations in lumber and plywood. History is replete with examples where the mill price for lumber and plywood has moved up rapidly and has gone down rapidly. These rapid fluctuations in the market are indeed related strongly to the demand for softwood finished products at any given time in relation to supply. The price paid for raw materials by any given company may have limited relationship to the short term shift in price. What is overlooked, however, is the fundamental fact behind the lumber and plywood crisis our country now faces. Marple's Business Roundup of February 14, 1973, says it all in the following brief paragraph:

A leader in the industry whose work takes him out among mill managers shakes his head: "They are frightened. I have never seen them like this before. They are afraid to cut the logs they have in inventory because they know they

cannot afford to replace them at today's prices." At stake are the jobs of thousands of men in the heart of the Pacific Northwest's biggest industry.

Even though our softwood lumber and plywood industries have responded well since 1970 to the stimulus of increased price. Our production of lumber and plywood in the United States has increased significantly. There is an increasing inelasticity on the part of the softwood industry to respond to the present price levels. This inelasticity has to do in the Douglas-fir region primarily with the price of the raw material which has been forced up to incredible levels by Japanese purchasers. In areas outside the Douglas-fir region in the West the increased inelasticity is a function of the failure of the Forest Service to offer timber on a regularly scheduled basis.

The statement has been made that the elimination of log exports will cost the Northwest, particularly the State of Washington, thousands of jobs. The hearing record substantiates that the contrary is true. The only authentic Government study on this subject was made by the U.S. Forest Service Forest and Range Experiment Station in 1965. It pointed out that in the Douglas-fir region there was a net gain of 9 man-hours per thousand board feet of logs used in sawmills and plywood plants over man-hours employed in exporting logs. With the firm realization that these logs would have been used in the Northwest's sawmills and plywood plants, because of the extreme worldwide demand, there was clearly a loss of direct employment on the west coast of 12,600 full-time jobs. Actually, the loss was greater than this because much of the labor employed in loading logs would, unfortunately, have been employed in loading lumber whether to foreign destinations, or to the east coast of the United States.

In closing, I would like to say that while our association position in favor of ban on log exports, we are pleased to support the bill which you, Senator Cranston and Senator Packwood and others have introduced.

Senator PACKWOOD. Thank you. I have some questions, but I think I'll wait until Mr. Rose makes his statement.

Mr. ROSE. Senator, my name is Stan Rose. I live in Longview Wash., and I own two sawmills. I would like to comment on one thing, and I hope Bert Cole is here.

For God's sake, save Oregon and don't lose it like we have. The lumber industry is shot in Washington, except for the people, big people who own their own timber. We have been in business 28 years. We now have 30 people off within 6 to 10 weeks there will be 75 off, and conceivably, 300 could be off by the end of the year. We used to be able to get about 50 percent of a timber sale that they didn't export. Now, they are exporting 70 or 80 percent. There isn't any way, a snowball's chance in hell to buy any State timber in the State of Washington, particularly in port districts. Then the plywood plants have the position that they can't get one, and all of a sudden the sale conducted for the sale of timber, and they have to stand there and destroy each other to exist.

I can't speak, but I have many friends up there and I notice mostly one—they are operating one shift, because the initiative there is defeated in 1968. It makes exporters out of people who didn't want to be exporters. We have even exported some logs, but there

isn't any way to buy timber without exporting. We had a good share of our timber supplied by a private individual, and apparently with the increased exporting, they're not going to be able to give us that timber.

Now, I can't say that I blame them, because pretty—they are pretty reluctant or it is pretty ridiculous to sell logs for 150 when you can get 300; just bare economics, and you can't really blame them. So, I would say that the saw men industry in the west Cascades, and the state of Washington, is passe, except for the people who own private mills.

Senator PACKWOOD. Thank you. Joe, let me ask you to elaborate a little further on the statement quoted in the Oregon Journal. In essence, that log costs bear no relation to price. You've indicated that may be true in a very short-term traumatic situation, swing situation. Is that right, but over the long term when any mill is going to sell its lumber there has to be some relationship to the cost of the logs that they put into the process.

Mr. MCCRACKEN. Absolutely, and not only over the long term; even in a relatively short term. All I'm saying is, and I was unable to go into this type of discussion in my discussions over the telephone with the reporter from the Journal, I couldn't get that much in. We've all seen in forest product industries where in the space of a week prices could jump $20 or $30 or $40 or go down $20 or $30 or $50. This has happened. We all know this is a short-term swing, demands against a fixed short-term supply. That's all.

Senator PACKWOOD. In this sense, the lumber business is not different than any other business which builds up inventory and suddenly finds it has no market. And they may have to sell it at a loss, whether it is the lumber business or any other business. But over the long run, they can't do that very long.

Mr. MCCRACKEN. That's correct.

Senator PACKWOOD. Let's talk a bit now about capacity, productive capacity. Can you give me an idea what the graphic distribution is as to where your mills are located in your association?

Mr. MCCRACKEN. Our association has mills that are located in all twelve Western States, including Alaska.

Senator PACKWOOD. Do you have a fair representation in Washington?

Mr. MCCRACKEN. Yes, very much so.

Senator PACKWOOD. Generally, can you tell me about their productivity capacity and their ability to increase. if possible, and if they had a guaranteed wood supply?

Mr. MCCRACKEN. I can't give you a number, because our association has not made a survey. Surveys, you know, have been made by Western Coast Lumber Inspection Bureau, and the homebuilders of Portland, and we have urged our companies to respond to those surveys. Our mills in the State of Washington and many in the western Oregon area and Columbia River area are operating at less, far less than their maximum potential capacity; in many cases, less than one shift.

Senator PACKWOOD. Joe, what is your opinion as to what the Japanese overseas markets now buying logs might do if the access of logs was restricted to them?

Mr. McCRACKEN. I would like to elaborate on that. I think there's one thing about that question—I don't think it has been in the record yet. We have talked about an overall inbalance of soft wood supply between Japan, Russia, Canada, and the United States, that there is an existing demand. I have heard it stated and seen it in writing from those opposed to your bill, Senator, 1033, have stated that nothing about this bill will do anything about increasing timber supply. Therefore, it's just a waste of time. I would say quite to the contrary, Senator. I can't think of anything that could be done in the world community that will in a shorter space of time increase supply than the passage of S.1033. I'll tell you why.

Senator PACKWOOD. Go ahead.

Mr. McCRACKEN. Two facts about Japan that are assumption here. One, which I don't think is disputed, is that they have a very strong need for soft wood in Japan for the building of their homes and factories, and other uses, and that these demands are going to increase. The second thing which is often overlooked, however, is somewhere between 30,000 and 36,000 sawmills that are dependent upon logs and large cans from the United States. If your bill were passed, and the logs were to be phased out over the 3 or 4 year period ahead, I have absolute confidence that these sawmill owners and their companies would see to it the Japanese government found logs somewhere else to keep those sawmills running. I don't have to tell you the amount of poltical pressure there would be generated in our government if a thing like that happened.

Now, what's going to happen? They will not be able to get the logs from Canada. New Zealand is turning the spigot off. Russia may have a continued slow trend upward, but that's going to be a question mark, and the answer is they're going to have to go somewhere else; and that will be the soft wood countries in South America, Central America, and elsewhere in the oceanic rim of the Pacific, where they will have to make investments in roads and ports and put in the interest so they can get the logs. I think they should do this. I think the bill, inherently, recognizes this by giving them time on the phase out. This is what they will have to do. This will increase timber supply within—by 2 or 3 billion feet over a 3- or 5-year period. I'm satisfied of it. I have great confidence in the Japanese' ability to meet a stated objective.

Senator PACKWOOD. Do I assume, Joe, from your answer that their appetite for wood—lumber, logs, whatever it might be—is so avaricious that they are not only going to have to buy logs elsewhere, but probably lumber wherever they can find it?

Mr. McCRACKEN. Precisely. During the short term transition, if they cannot produce the lumber from their own mills, they will buy lumber from the United States. All of our people who dealt with them know this. They'll buy, in fact, increasing quantities from Canada to some degree, but in the final analysis, looking 4 or 5 years ahead, and what's going to happen in soft wood demand, they're going to do all of these things. They are going to increase

supplies elsewhere and they are going to have to take lumber from the United States and from Canada, if we have it.

Senator PACKWOOD. How would you view, in light of your statement, a speed up of the effective date of the bill, which Senator Cranston and I are proposing?

Mr. MCCRACKEN. I would support it, particularly, the restrictions on Federal. I would support it. This is another aspect of the question. At the hearing which your committee conducted——

[Interruption from the audience.]

Senator PACKWOOD. Gentlemen, the 5 minute limit applies for each witness, to those who are making their direct statement, to the event they choose—or I choose to pursue the questions, with the witnesses, that's at my discretion. I will continue to do so.

Mr. MCCRACKEN. Dr. Dunlop, Director of the Cost of Living Council before you 2 weeks ago made the announcement of certain administration actions, and he stated categorically that effective supply actions would have to be taken or there will be no sense in imposing price controls on the lumber and plywood industry, and he said two things were announced in terms of effective supply. One, an increase in national forest timber sales over the 3 years ahead and, two, asking the American bankers in Tokyo to reduce the import of our logs. Our industry was pleased about the first. I think no one in our industry, in the Douglas fir region, will have any faith in the second. He is absolutely right, and everyone in this industry has told the Cost of Living Council that if we had any reasonable security in timber supply, and I don't mean guarantees. We don't. But if we just had some reasonable security then the mills today will increase the production from the logs they now have in the inventory, and the quicker the bill like yours would be passed, the sooner that type of security would prevail, and the quicker the production increases will come.

Senator PACKWOOD. I have no other questions. Thank you.

It's 20 to 12:00 now. We'll take about a 15-minute break. When we come back we'll start with Bert Cole, if he's here.

[Whereupon a short recess was taken.]

Senator PACKWOOD. Has Bert Cole arrived yet? If not, we'll take him first in the afternoon. Okay. Go ahead, fellows.

STATEMENTS BY MILT HERBERT, PRESIDENT, NORTHWEST TIMBER ASSOCIATION, EUGENE, OREG.; ARNOLD EWING, EXECUTIVE VICE PRESIDENT, NORTHWEST TUMBER ASSOCIATION, EUGENE, OREG.; AND PAUL HOLLENBECK, EXECUTIVE VICE PRESIDENT, WEST COAST LUMBER INSPECTION BUREAU, PORTLAND, OREG.

Mr. HERBERT. I am Milt Herbert, owner of Herbert Lumber Company, Riddle, Oreg. Also, I am president of Northwest Timber Association and my statement here is in their behalf. Our membership produces approximately one and one-quarter billion board feet of lumber and plywood annually and are nearly 100 percent dependent on public timber from the Federal lands.

We were concerned and expressed the need for strong export controls in 1960's. The result was the Morse amendment, which has been

helpful but conditions have changed drastically since 1968. The tremendous increase in log exports as well as the heavy demand for lumber and plywood to fill our domestic needs reflects that additional actions and controls are needed now.

Senator, we are pleased that you recognized this and have proposed the bill we are discussing today. The need for log export limitations is critical. Our American homebuilders are desperate for lumber and plywood and are unable to fulfill their needs at any price.

At the same time, there is considerable additional production capacity available if the mills were assured of an adequate log supply.

It appears inconsistent to export this raw material in the face of this need and the apparent ability to process this raw material by our American mills. Perhaps some people are more interested in maintaining a Japanese tree farm in the Northwest and they are solving our domestic problems.

In spite of statements expressed by advocates of log exports, there is additional production capacity available.

Northwest Timber Association just completed a survey of its membership which indicated that production from only those mills who answered the questionnaire could immediately be increased by 4.8 percent. This increase could be immediate by simply adding hours or days, no extra manpower or equipment needed. By addition of manpower, that is adding another shift, an additional 16.8 percent production could be realized. This combined 21.6 increase is available upon an assurance of an adequate log supply. The 21.6 increase represents a volume of 216 million board feet per year from only those mills answering the questionnaire.

Senator PACKWOOD. Let me interrupt you. 21.6 increase? I'm sorry. I didn't have your statement, so——

Mr. HERBERT. Yes. It's 21.6 percent increase, from only the mills that responded. I am only talking about those mills that responded and adding 4.8 percent by adding our hours plus the 16.8 percent by adding another shift.

Senator PACKWOOD. Is the 21.6 percent increase an increase that those mills will produce or an increase in the total amount that your membership increased?

Mr. HERBERT. Those mills reporting.

Senator PACKWOOD. Okay.

Mr. HERBERT. It's 21.6 percent increase which represents a volume of 216 million board feet per year, with only those mills answering the questionnaire. We have attached a survey to the back of our statement. There are other studies representing a broader cross section of mills, and they have shown a greater production capacity.

There's no doubt in my mind that the tremendous profits available through log exports have been reflected in over cuts by many major private land owners.

If this is so, the Pacific Northwest could very well experience a boom and bust economy. Limitations are important now to curb the continued spiral of log exports.

There have been suggestions for meetings between the United States and Japanese Governments to develop voluntary restraints. Similar meetings were held in 1968 and were most successful for the Japanese. We can no longer wait for a voluntary plateau only to act as a breather for even greater volumes to be exported to Japan.

S. 1033 places limitations on total log exports over a 4-year period. Provisions to prohibit substitution is lacking and should be incorporated in this bill.

For the record, I am enclosing suggested wording that was developed by a major segment of our industry and respectfully suggest it to be incorporated in S. 1033.

The activities of the Japanese purchaser this past year in buying timber from the small private landowner for export has risen to an alarming rate. The quicker we can get legislation passed to prevent this premature harvest of these young stands, the better. Thank you.

Senator PACKWOOD. Thank you. Why don't you go ahead with the rest of your statement and we'll ask questions later.

Mr. HERBERT. I will turn it over to Paul.

[Additional material accompanying Mr. Herbert's statement follows:]

SURVEY OF MEMBERSHIP

MILLING CAPACITY—LOG USAGE

On March 22, 1973, North West Timber Association polled its 36 member mills to determine if they were operating at capacity. If not, how much they could increase capacity and the sources of raw material. A total of 20 of the 36 mills responded. A recap of those responses is summarized below:

1. *Production capacity.* If you were assured of a continued *long-term* increase in raw material supply, could you increase your annual production?

a. Under current mode of operation (with only an increase in hours or days), the survey indicated a possible increase of 4.8% (48 MMBF lumber tally).

b. By adding one shift, a possible increase of 16.8% (168 MMBF lumber tally).

c. By creating an additional facility, a possible increase of 10.8% (108 MMBF number tally).

Note: The sum of (a) and (b) above corroborates earlier estimates of West Coast Lumber Inspection Bureau, Western Timber Association and Home Builders Association of Metropolitan Portland.

2. *Source of raw material.* Considering buying patterns over the last few years, the following is an estimate of the *average annual volume* used from each source:

Source	Million board feet volume (log scale)	Percent
Private:		
Industrial	[1] 121.4	18.3
Nonindustrial	22.2	3.3
State	1.8	0.3
BLM	140.5	21.2
U.S. Forest Service	378.0	56.9
Other (county, city)		
Total	[2] 663.9	100.0

[1] Of purchases in this class, some logs were initiailly generated from public lands.
[2] 663.9 million fbm log scale converted to lumber tally using a 1.5 conversion factor equals 996 million fbm.

Please answer the following and return this form by April 2, 1973. All information received will be kept confidential as to individual companies.

1. *Production Capacity.* If you were *assured of a continued long-term increase in raw material supply,* could you INCREASE your annual production under the following conditions, and if so by how much?

Circle One *(MMBF)*

a. YES NO Under Current Mode of Operation (With only an increase in hours or days) _____

b. YES NO By Adding _____ (#) Shift(s) _____

C. YES NO By Creation of Additional Facility _____

2. *Source of raw material.* Considering your log buying patterns over the last few years, indicate below the *estimated average annual volume* used from each source:

Source	*Volume (MMBF)*
Private—Industrial	----------
Private—Nonindustrial	----------
State	----------
B.L.M.	----------
U.S.F.S.	----------
Other (County, City)	----------

REMARKS ----------

Return Completed Form to: NORTH WEST TIMBER ASSOCIATION
P. O. BOX 5554
EUGENE, OREGON 97405

[Discussion Draft]

[93d Congress, First Session]

A BILL

To restrict the exportation of unprocessed timber grown on public land west of the one-hundredth meridian, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Timber Export Control Act of 1973".

FINDINGS AND PURPOSE

SEC. 2 (a) The Congress finds that—

(1) there is a shortage of available timber in the Nation which has led to rising prices and underemployment in the forest products industry; and

(2) persons who export unprocessed timber grown on public land, and persons who purchase such timber to replace any other timber which they export, have contributed to the shortage of timber available for manufacture of forest products in the Nation.

(b) It is, therefore, the purpose of this Act to restrict persons from exporting unprocessed timber grown on public land, and to restrict persons from bidding for or purchasing such timber to replace any other timber which they export.

DEFINITIONS

SEC. 3. For the purpose of this Act, the term—

(1) "unprocessed timber" means—

(A) standing timber;

(B) any log;

(C) any cant or square which—

(i) exceeds eight inches in thickness; and

(ii) is to be remanufactured; or

(D) any split or round bolt or other roundwood which is not processed to standards and specifications suitable for end produce use.

(2) "public land" means any land owned by the United States administered by the Secretaries.

(3) "Commission" means the Federal Log Export Control Commission established by section 8(a).

(4) "person" means any individual, partnership, corporation or association.

(5) "Secretaries" means the Secretary of Agriculture and the Secretary of the Interior.

PROHIBITION OF CERTAIN UNPROCESSED TIMBER SALES AND EXPORTS

SEC. 4. (a) Except as provided in section 6, no unprocessed timber grown on any public land located west of the one-hundredth meridian shall be sold for export from the United States.

(b) Any person who purchases from the United States any unprocessed timber described in subsection (a) shall, as a condition of such purchase, agree not to—

(1) export such unprocessed timber;

(2) sell, exchange, or otherwise transfer such unprocessed timber for export; or

(3) sell, exchange, or otherwise transfer any unprocessed timber grown on public land, private land, other than Indian land, located west of the one-hundredth meridian to any person who is ineligible under section 5 to purchase any unprocessed timber grown on any public land located west of the one-hundredth meridian.

PROHIBITION OF CERTAIN PURCHASES OF UNPROCESSED TIMBER

SEC. 5. Except as provided in section 6 and in any determination of the Commission under section 9(b), any person who sells, exchanges, or otherwise transfers for export any unprocessed timber grown on private land, other than Indian land, located west of the one-hundredth meridian shall be ineligible to purchase any unprocessed timber grown on any public land located west of the one-hundredth meridian during the period of such sale, exchange, or other transfer and for three years thereafter.

EXEMPTIONS

SEC. 6. Sections 4 and 5 shall not apply with respect to, any unprocessed timber grown on any public land located west of the one-hundredth meridian if such timber is—

(1) declared by the Commission under section 9(c) to be surplus to domestic needs; or

(2) any utility log, as defined by the Commission.

FEDERAL LOG EXPORT CONTROL COMMISSION

SEC. 7. (a) There is established the Federal Log Export Control Commission.

(b) The Commission shall be composed of eleven members to be appointed jointly by the Secretaries as follows—

(1) Four appointed from among persons who represent the views of persons who for the preceding three years purchased or otherwise obtained at least 75 percent of their supply of unprocessed timber from any public land located west of the one-hundredth meridian, of whom—

(A) one is a resident of California;

(B) one is a resident of Oregon;

(C) one is a resident of Washington; and

(D) one is a resident of any State any part of which is west of the one-hundredth meridian, other than California, Oregon, or Washington.

(2) Four appointed from among persons who represent the views of persons who own substantial amounts of unprocessed timber grown on land, other than public land, located west of the one-hundredth meridian, of whom—

(A) one is a resident of California;

(B) one is a resident of Oregon; and

(C) one is a resident of Washington; and

(D) one is a resident of any State any part of which is west of the one-hundredth meridian,

(3) Three appointed from among persons who are not identified with the interests or views of persons described in paragraph (1) or (2) and who represent the views of the general public, of whom—

(A) one is a resident of California;

(B) one is a resident of Oregon; and

(C) one is a resident of Washington.

A vacancy in the Commission shall be filled in the same manner in which the original appointment was made.

(c)(1) Except as provided in paragraphs (2) and (3), members shall be appointed for terms of three years.

(2) Of the members first appointed—

(A) three shall be appointed for terms of three years;

(B) two shall be appointed for terms of two years and six months;

(C) two shall be appointed for terms of two years;

(D) two shall be appointed for terms of one year and six months; and

(E) two shall be appointed for terms of one year;

as designated by the President at the time of appointment.

(3) Any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term. A member may serve after the expiration of his term until his successor has taken office.

(d) The Commission may establish rules regarding meetings, quorums, and the designation of a chairman and vice chairman.

DIRECTOR AND STAFF OF THE COMMISSION

SEC. 8. (a) The Commission may appoint a director and such staff personnel as it deems desirable.

(b) Upon request of the Commission, the head of any Federal agency may detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist it in carrying out its duties under this Act.

POWERS OF THE COMMISSION

SEC. 9. (a) The Commission may—

(1) make expenditures and enter into contracts; and

(2) purchase, rent, or lease office space; to the extent necessary to carry out this Act.

(b) The Commission shall promulgate rules as necessary for the implementation of this Act.

(c) Notwithstanding section 5, if the Commission determines, on the record after opportunity for a hearing, that any purchase of any unprocessed timber grown on any public land west of the one-hundredth meridian is not contrary to the public interest, the Commission may permit any person to engage in such purchase.

(d) The Commission may declare, by rule, that for a specific period of time any species, grade, or volume of unprocessed timber grown on any public land located west of the one-hundredth meridian is surplus to domestic needs.

REPORT

SEC. 10. The Commission shall simultaneously transmit a report to the Secretaries not later than one year after the effective date of this Act and at twelve-month intervals thereafter, containing a detailed statement of the operations of the Commission including any action it takes under section 9(b) or 9(c).

PENALTY AND INJUNCTION

SEC. 11. (a) Any person who knowingly violates section 4 or 5 shall be fined not more than $20,000 or one year in prison or both. Such person shall be debarred from bidding for or purchasing any unprocessed timber grown on any public lands west of the one-hundredth meridian for a period of five years, and shall forfeit his rights under any and all Federal timber sale contracts.

(b) The district courts of the United States shall have jurisdiction to enjoin any violation of section 4 or 5. Any action to restrain any such violation shall be brought by and in the name of the United States.

REPEAL OF EXISTING LAW

SEC. 12. (a) Section 2 of an Act entitled, "An Act to authorize the exportation from the State, or Territory of timber lawfully cut on any national forest or on the public lands in Alaska.", approved on April 12, 1926 (16 U.S.C. 617), is repealed.

(b) Subsection (a) shall not affect any proceeding under section 2 of an Act entitled "An Act to authorize the exportation from the State, or Territory of timber lawfully cut on any national forest or on the public lands in Alaska.", approved on April 12, 1926 (16 U.S.C. 617), for any violation of any rule or regulation issued under section 2 of such Act, or for the punishment for contempt committed in the violation of any injunction issued to enforce section 2 of such Act if such violation or contempt is committed prior to the effective date of this Act.

EFFECTIVE DATE

SEC. 13. (a) This Act shall become effective at the close of December 31, 1973.

(b) The provisions of this Act shall not apply to any contract for the sale of unprocessed timber grown on any public land located west of the one-hundredth meridian entered into before the effective date of this Act.

SEC. 14. There are hereby authorized for appropriation, from funds otherwise appropriated for administration of public lands, such funds as may be necessary for the implementation of this Act.

Mr. HOLLENBECK. Okay. I'm Paul Hollenbeck, the executive vice-president of the West Coast Lumber Inspection Bureau. We represent approximately 200 sawmills on the west coast in the State of Washington, Oregon, and California. These mills produce approximately 5 billion feet of lumber per year, and almost all of the mills depend on private timber sources for their raw material supply. Last week, we circularized a questionnaire on an increase of lumber production potential. Ninety-nine of our members responded to that questionnaire. The following is——

Senator PACKWOOD. Ninety-nine out of 200?

Mr. HOLLENBECK. That's out of 200, so, approximately, 50 per cent of the mills responded.

Now, the present production of those 99 mills was 307,307,000 board feet per month. The potential they reflected in the report, based on an adequate timber supply was 432,699,000 or a 41 percent increase.

Senator PACKWOOD. Can you translate that into yearly board feet?

Mr. HOLLENBECK. Yearly board feet would be approximately a little over 5 billion feet.

Senator PACKWOOD. An increase of a little over 5 billion?

Mr. HOLLENBECK. Yes, 5 billion per year.

Senator PACKWOOD. An increase?

Mr. HOLLENBECK. On an increased basis, that would be a little over a billion feet but that is not a projected figure. That is from the mills that responded.

Senator PACKWOOD. From the mills that responded?

Mr. HOLLENBECK. Yes. Now, I'm confident that these figures that I have given you are highly conservative for this reason: Most of our mills who are big, highly productive mills, working more than one shift, responded to this survey. Most of the mills who were—those that did not, are largely working one shift and typical of the mills that are finding it difficult to get an adequate supply. These figures are highly conservative, we believe.

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Senator PACKWOOD. Let me ask you this. I'm looking at the survey, and find 99 responded, but the bulk of that production capacity increase is in Oregon, according to your figures. Is that right?

Mr. HOLLENBECK. That is correct.

Senator PACKWOOD. How do we face the argument that is raised by those who say that timbers in Washington and the mills that have the productive capacity are in Oregon and too far to truck the timber; therefore, it doesn't make any difference if they have productive capacity in Oregon, they are not going to get the Washington timber?

Mr. HOLLENBECK. I have these figures broken down by districts. In the state of Washington, which is our number one district, we have 24 members in Washington; 13 reported. They reported a present capacity of production as being 39,500,000 per month, with a potential of 57,540,000, which would be an increase of 46 percent.

Senator PACKWOOD. But that is, putting in a yearly figure, around 216 million roughly, isn't it?

Mr. HOLLENBECK. That would be from the Stamte of Washington.

Senator PACKWOOD. Yet our exports out of the State of Washington are right around 2 billion.

Mr. HOLLENBECK. That's true.

Senator PACKWOOD. Now, assuming we didn't export any from the State of Washington, what are we going to do with that other 1.8 billion if your mills can only take 216 million of the logs?

Mr. HOLLENBECK. That question has been asked before, and I have asked the members that question before. I asked them what they would do if this timber was available. Well, it can be docked or watered down and——

Senator PACKWOOD. Well, let me ask you again to talk close to that microphone, because this is a critical answer you are giving. A lot of people are very interested in this. You say this can be shipped out or trucked down to these Oregon mills, even those 200, 300 millions

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Mr. HOLLENBECK. Well, it's a matter of not being that far away, but the operators in this area tell me they would be tickled to death to have that timber. They told me, some of our members, they customarily are buying timber or have in the past bought timber in Washington and are no longer buying it there because of the export problem.

Senator PACKWOOD. Well, the reason I ask is because if those figures are right, even without projecting your figures around a billion board feet. Under the bill Senator Cranston and I have proposed, only reduces log exports about 1 billion board feet the first year, and your statement says, from just the mills that responded, that they could absorb this quantity of timber right away.

Mr. HOLLENBECK. Right.

Senator PACKWOOD. And the fact that the bulk of it is in Washington is not a deterrent to the fact to get these mills in Oregon milling it there.

Mr. HOLLENBECK. That's correct.

Senator PACKWOOD. Go ahead.

Mr. HOLLENBECK. I thought you might be interested in some of the remarks. We asked for comments in this survey, and we asked

questions such as the number of shifts they were operating and the number of hours per week. They are overrun. So, we have quite a little information. They also asked for comments with reference—wherever they told us to get them to us. They all did not make comments, but several did. If I may read some of those, I think we can contribute something to our total understanding of this problem. Assuming that an adequate log supply is available, we plan on increasing production by 50 percent through capital investment. Now, there's a key question. These smaller independent mills are not about to increase capital investments, and increase production unless they are thought to have adequate log supplies. And the next one, operating for 47 hours per week, their maximum capacity. They are located in a highly competitive area for timber. Cargo mills in the same area do not believe it is prudent to increase production when they are unable to build an inventory in excess of 2 years operation. Besides the national forest is proposing to withdraw 20 million board feet annual allowable crop from the wilderness area.

The next one is we cannot get the cars to ship lumber, we are producing, let alone take care of larger production.

The next one, logs too small for maximum production; could cut 45,000 per day if there were larger logs against exports. We support a ban on log exports. Every piece of timber we buy now is in competition with our sawmill. As we can usually get more by selling the logs for export than through finished lumber. Our timber supply is nearly out and we are only able to operate about every other week. Our twin sawmill—I don't want to mention the name of this—can no longer get logs to any extent, and just several weeks ago, the last regular log hauler went elsewhere where he could get more money on exports. Future outlook for materials, unless export log prices are reduced, we find it extremely difficult to obtain the volume of quality timber needed to operate one shift and have no interest in compounding this problem by increasing production.

Don't necessarily feel the export should be abruptly terminated, but neither—but rather faded out gradually to a point where only surplus logs would be exported on a small flexible percentage to stabilize the values.

Senator PACKWOOD. Let me interrupt you. It is a key on this transport ability and whether or not there are going to be logs to meet mill production capacity. I will pursue this further with some of the witnesses who are adverse to this bill later on, in addition to those who support it. But, there's a very key issue, and I want to make sure that your statement is that the mills in Oregon would indeed take those logs from Washington, if available.

Mr. HOLLENBECK. Right; may I qualify that statement a little more accurately?

Senator PACKWOOD. Sure.

Mr. HOLLENBECK. We have not made a survey in the State of Oregon to check all the mills and sawmills. Not all sawmills in Oregon have been checked to see if they can consume an amount of additional footage. We have talked to many mills in this immediate area, the area of Portland, and each and every one of them would be tickled to get the logs. The final conclusion on these figures take some time to add up.

Senator PACKWOOD. Okay, are you done?

Mr. HOLLENBECK. Yes.

[Mr. Hollenbeck's letter and additional information sent to Senator Packwood follows:]

WEST COAST LUMBER INSPECTION BUREAU,
Portland, Oreg., March 22, 1973.

Hon. BOB PACKWOOD,
U. S. Senator,
Senate Office Building,
Washington, D.C.

DEAR SENATOR PACKWOOD: As the voice of 200 independent lumber producing members who are almost all solely dependent upon federal or state timber, the West Coast Lumber Inspection Bureau urges your support for a total ban on all log exports.

Our mills produced approximately five billion feet of lumber in 1972 and all of it went to meet U.S. housing needs. Much of this production is now in jeopardy and we strongly believe that a total ban is the only solution for these reasons:

1. Our balance of trade would *gain* rather than lose through an export ban! Conservation figures show that in 1972 the U.S. exported 3 billion feet of logs at an estimated value of $408 million. If these logs were processed here, they could make 4½ billion feet of lumber at an estimated value of $675 million reducing imports of lumber by this amount. The net savings would have been $267 million in our balance of trade plus the added benefit of thousands more man hours of employment in U.S. mills.

2. Despite claims to the contrary, U.S. mills are *NOT* working at full production. Only 25% of our member mills are working two shifts. If all our members went to two shifts, we could produce 8 billion feet of lumber.

3. Our members are faced with a desperate shortage of logs and without an assured supply will be forced to shut down. This will endanger tens of thousands of jobs and could destroy major payrolls in dozens of small communities.

4. The high price of lumber is directly related to the increasingly higher prices bid for logs by Japanese buyers. When a U.S. mill does win a forest service bid it ends up paying 3 or 4 times the appraised cost. This huge increase is bound to be reflected in lumber prices.

We are past the point for alarm and action is desperately needed to insure an adequate and continuing supply of lumber for U.S. home builders. Can we count on your support?

Sincerely,

PAUL HOLLENBECK,
Executive Vice President.

WEST COAST LUMBER INSPECTION BUREAU,
Portland, Oreg., May 8, 1973.

Senator ROBERT W. PACKWOOD,
c/o Mr. ED KEMP,
U.S. Senate,
Washington, D.C.

Reference: Senator Packwood Hearings in Portland, Ore. April 11, 1973

DEAR SENATOR: The following information is on sawmill capacity and the ability of U.S. sawmills to process the additional logs which would be available if exports are restricted.

This information is supplementary to the statements made by me at your hearing of April 11, 1973 in Portland, Oregon.

The attached sheet shows the updated results of our mill capacity survey. In addition we have combined our survey with the one made by the Homebuilders Association. Elimination of duplication where mills replied to both surveys gives the following results.

No. of mills	189
Present monthly production 1000 ft	605,597
Possible capacity 1000 ft	854,968
Percent increase	41

Conversion of the above figures to annual production results in a present production from responding mills of 7,267,164,000 board feet and a possible production of 10,259,616,000 board feet.

It should be noted that the 109 mills included in our report and 189 in the combined reports of WCLIB and the Homebuilders Association represent approximately 50% of the total mills on the West Coast.

At your hearings held in Portland there was discussion on the part of Mr. Ewing, Mr. Orell and myself on how far logs could be hauled. I feel that additional clarification would be helpful on this very important point.

There are two basic approaches to this question that should be considered. First the cost of hauling logs from Washington to Oregon. The cost of hauling logs from Washington to Portland would be approximately $30 per thousand. Mills within Washington could expect to haul these same logs to their plants for $10 to $15 per thousand. This $15 to $20 per thousand competitive edge from Washington mills represents an advantage in a strong demand market. On the other hand if there are surplus logs available, the hauling distance would represent only a minor problem. It is also economically feasible to ship logs by barge between Seattle and Oregon and California coastal mills.

A second approach is probably what would happen to the bulk of the logs. Let's examine what has happened because of export pressures from Canada and Japan. In those areas, heavy export mills did not leap frog completely out of the area to purchase timber. Instead they extended the fringes of their purchasing area far to the East and South and bid desperately to survive. This in turn caused mills normally bidding in those areas to respond to that bidding but also to recognize that the so-called intruders would purchase some of the sales. These mills in turn moved their bidding fringes further South and East to obtain their supply.

This kept repeating itself in domino fashion.

This is what happen only in reverse, if logs become available in Washington. Mill's purchasing areas would move back and extend even further to the North and West to absorb these available logs. In other words all mills now compete South and East because the export pressures are to the North and West. If there is a surplus of logs in Washington all mills will move North and West for their timber supply. No one will haul logs excessive distances.

Yours very truly,

PAUL R. HOLLENBECK,
Executive Vice President.

Senator PACKWOOD. Arnie?

Mr. EWING. Senator, I don't have a written statement at present, but I would like to clarify or add a question in that might be helpful. We are a small association confined to western Oregon, and of the 36 mills that we have, we sent this questionnaire out, and 20 of them did answer. And we were extremely interested that this was an unbiased report, and we had a couple of our mills call us and say—ask if we should answer it, and I want this reflected, what my people are doing, so they did report it, and other people reported yes, we can do more. We broke it into those three categories, as we indicated. One of the things that I think should be clear is that you can export—you can transport logs at considerable distance, and the reason we talk about 90 miles or 100 miles now, it's not because it is economic to transport it further, but the fact is that when you reach beyond that, you are competing with a fellow who is operating 30 miles away from a—the same piece of timber from his own mill, and he's got to have it for his own mill, and he's got a $60 or $100 mile bid for that timber. You have to assume these mills are generally equally competitive of one another. So, that fellow is going to buy it. We've had ——

Senator PACKWOOD. Are you saying that the fellow 150 miles away is going to have to bid substantially more to get it away from the fellow that's 20, 30 miles away?

Mr. EWING. Two things. First, I'm going to protect my backyard. I have to have that timber. I'm going to bid my maximum dollar, and assume I—my break-even position might be $100, we'll say, for stumpage, I'm willing to, that particular—maybe go $100, $110, $120, and you know that fellow, if he has the same market that I do, and the finished products, he has an additional $10 or $15 haul, and he's going to be hard pressed to take it. We've had instances of people clear up the Columbia River come down under desperation and outbid us on timber, simply because it was desperation bidding to keep that mill operating.

Senator PACKWOOD. This is a critical point. Two billion board feet, roughly, goes out of the State of Washington. The survey indicates only a couple hundred million board feet may be picked up by Washington mills. Is that other 1.8 billion board feet going to be used?

Mr. EWING. I would say in fairness, if you trap it off tonight, and your bill recognizes this and it is very adequate, and if you trap it off tonight, I could not honestly say we could pick it up tomorrow, but with your phasing situation, very definitely.

Senator PACKWOOD. Good point. Under the bill, say, for the first year of operations, we're not talking about reduction of exports of around a billion board feet, and over a 12-month period, so it's a slow phase.

Have any of your mills been bidding for exports and for their own use?

Mr. EWING. Yes, they have. There was a sale in the national forest for 3 million board feet of hemlock and about 6 or 7 million feet of fir.

Now, you say we must have exports of that. That's not so. The only reason that those people export those logs is because they would be unable to buy that sale against a competitor that was going to export it. Let me give you a specific example. One of the operators that was bid on the sale was one of my members, and was assured of $325 a thousand cap run for the hemlock, so he had to use that $325 value to bid with. Obviously, he had to export that volume in order to bid it or his neighbor would have done it if he hadn't done it. So, we have to export it. If we had eliminated the exporting of those logs, and neither one wanted to bid that high on the hemlock, and we wouldn't be going broke. I heard indications today that the export market was critical a few years back to keep mills from going broke. The only reason it was is because they had bid that timber originally with the export in mind and they had to bid it with the export in mind or the neighbor would have taken the sale away from them.

Senator PACKWOOD. If they hadn't had the export to look forward to they never would have bid that high on it?

Mr. EWING. That's exactly right.

Senator PACKWOOD. I don't think I have any other questions. Thank you very much.

Mr. EWING. Sir, I meant to add one more thing. Earlier there was a comment about the jobs, and I had this with me, and I just thought I would display the jobs versus export, versus sawmills, versus plywood, and this is that chart that the Northwest Timber Association has computated. It's a blown-up chart.

Senator PACKWOOD. This is the one that shows that for every 1,000 board feet, roughly, you got 3 man-hours in export as distinguished from 8 to 15 hours with milling?

Mr. EWING. This is right.

Senator PACKWOOD. OK, I would like to have it very much. Thank you.

OK, Bill Hagenstein.

STATEMENT BY WILLIAM HAGENSTEIN, EXECUTIVE VICE PRESIDENT, INDUSTRIAL FORESTRY ASSOCIATION, PORTLAND, OREG.

Mr. HAGENSTEIN. Mr. Chairman, and members of the committee: My name is W. D. Hagenstein, and I reside in Portland, Oregon. I am a professional forester and a registered professional engineer in the States of Washington and Oregon. I am executive vice-president of the Industrial Forest Association which has been working for a permanent timber supply for the forest industry of the Douglas-fir region in western Washington and western Oregon for 39 years. I would like to emphasize that timber supply is our association's only function and everything we do is directed to that end.

Our members operate more than 400 wood processing plants and conduct more than 200 different logging operations in our region. They employ more than 85,000 people. The annual payroll of their employees exceeds three-quarters of a billion dollars.

Last June, we testified before this subcommittee as to the desirability of extension of the Morse amendment including maintaining its ceiling of 350,000,000 board feet of allowable log export from Federal timber.

In the fall of 1972, because of an accelerated demand for logs from foreign sources, including British Columbia, and the consequent effect of this on supplies to meet an all-time record domestic demand, our board of directors on February 1, 1973, reviewed its position on log exports. It adapted a policy supporting elimination of export of logs from Federal timber. Also, even though it recognized the difficulty of equitably defining substitution, our board went on record favoring the principal of eliminating replacement of exported logs by acquisition of Federal timber in its place.

At the same meeting our board also reaffirmed its position of opposition to the restriction of export of logs from private timber.

Senator PACKWOOD. Bill, let me interrupt you there? Why?

Mr. HAGENSTEIN. Well, because our membership is made up of about half private land owners and half nonland owners, and its a compromise, I presume, between them, but more basic than that, Bob, the private owners of land in the United States, particularly people engaged in long term business like ours, feel that when they spend the time and the money, and the time, which is a critical factor, pay taxes year and year out, and some of these people have owned their land for 70, 80, 90 years, that when an alternative market develops, they are to have a chance to avail themselves of it. The only exception would be in the case of a national emergency, war or what not. And they think the Government should have an inherent right to dictate what should be done to private lands; otherwise, private land

owners why, within the framework of the laws, of the country, manifest their own destiny for what they do with their property. And if that means they have an alternative to market, obviously, the one they want to avail themselves of is where they can get the most for their money.

Senator PACKWOOD. Would shortages of domestic supply be a sufficient national emergency?

Mr. HAGENSTEIN. If it could be demonstrated there was one, I think it might be.

Senator PACKWOOD. Go ahead.

Mr. HAGENSTEIN. Our board also decided that it would try to work out the framework for a workable substitution regulation under the Morse amendment and met on March 1, 1973, to see whether this were possible. After a good many hours of discussion it authorized our president to appoint a task force to develop a substitution control proposal for presentation to our board on March 19, 1973.

This was done and there is attached as part of my statement a paper entitled Position of Industrial Forestry Association on Log Exports.

This position supports reduction to zero of the present ceiling on allowable export of 350,000,000 board feet of unprocessed logs from Federal timber in the Western United States. Different than the proposal contained on this in S. 1033, we are recommending that it be made effective July 1, 1973.

Our position also supports adoption of rules on substitution and recommends that they be developed along the guidelines set forth in our position paper. We also recommend that a substitution regulation be made mandatory, rather than permissive as at present.

We would also like to take advantage of the opportunity of preparing at this hearing to emphasize that everything done about log exports by Congress this year is really only addressing itself to the short term timber supply problem. We too have done that earlier this year. We noted in a letter to the regional office of the U.S. Forest Service that failure to sell 564,000,000 board feet of the sustained yield allowable cut from the four western Washington national forests has had the practical effect of creating an artificial timber shortage. We recommended that over and above the sale of the current allowable cut that the Forest Service should wipe out this 564,000,000 board feet deficit over the next 24 months. This has also been discussed with the office of the chief of the Forest Service and we are hopeful that the Forest Service will come up soon with a program to accomplish it. This should include seeking the funding techniques from the Congress. If the 564,000,000 board feet are sold it will help relieve the short term timber supply problem in this region. Because of the importance of this as a practical means of solving current timber supply problems, we would like to ask that our letters of January 29, 1973 to deputy regional forester, Robert H. Torheim and attachment thereto entitled Timber Sale Deficits on Westside National Forests in Washington be included as part of our statement.

In adopting its current position, Industrial Forest Association recognizes that the practice of intensive timber management on Federal forests in our region is a priority need in achieving our Nation's long term timber supply needs. The time to get started on

that is now. For example, just here in the Douglas-fir region of western Oregon and western Washington the annual mortality from insects, disease, wind and fire at present is 3.5 billion board feet per year. More than two-thirds of this is on public lands. On the national forest alone it's more than 1.6 billion board feet annually or an average of 238 board feet per acre each year.

With better accessibility and direction by the Congress that this salvage be reclaimed rather than continue to be wasted, a significant increase in the current timber supply of the United States could be affected. The trees we're talking about are already here. They are just being allowed to molder away, year after year, because the Congress has not seen fit to direct, fund and hold the agencies accountable for performance and compliance with the basic rules of good forest practice and the basic rules of good business. These both dictate that the people of the United States who own these trees should be their beneficiaries rather than losing them to nature's wilds. If the transportation system on the national forests in western Oregon and western Washington were completed so that half of the annual mortality could be salvaged, it would provide enough building materials for 80,000 homes per year. Anyone, even without benefit of a college education in economics, knows what this would mean in the price of building materials.

In all the national forests of the West the total annual mortality, according to the Forest Service is 6.2 billion board feet. If only half of it could be salvaged through better access the Nation would be able to supply from its own forests to their owners enough lumber and plywood to build 30,000 homes each year.

The main problem which Congress is faced with is putting bans on the largest, strongest and most significant timberland ownership in the United States, the national forests, so they can supply at least half again as much timber as they do today through better forestry and all the while enhancing the environment both in the woods and towns through healthy water sheds, more attractive scenery, better habitat for wildlife, more recreational opportunities and build homes by the hundreds of thousands for the American people. What better way can the national forests serve the people who own these trees and want them to contribute in every way to their better environmemnt?

We appreciate greatly the opportunity of appearing before this subcommittee on the subject of timber supply and to express our views on S. 1033 which we do not believe addresses itself to the main timber supply problem facing the citizens of the United States.

Now, with your indulgence, Mr. Chairman, I would also like to include as part of my statement a recent article of mine, entitled "Hang-up on Log Exports," published April 6, 1973.

Senator PACKWOOD. It will be included, and, Bill, I'll read it. Thank you.

On the reduction of Federal export limitations from 350 to zero, you are recommending to speed it up—put it into effect July 1st of this year?

Mr. HAGENSTEIN: Yes, sir.

Senator PACKWOOD. I have no other questions. Thank you, Bill.

[The following information was submitted for the record:]

INDUSTRIAL FORESTRY ASSOCIATION

SERVING FOREST OWNERS, LOGGERS, WOOD USERS
THROUGHOUT THE DOUGLAS FIR REGION

1410 S. W. MORRISON STREET
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Statement of
W. D. Hagenstein, Executive Vice President
Industrial Forestry Association
Portland, Oregon
before the
Subcommittee on International Finance
Senate Committee on Banking, Housing and Urban Affairs
Portland, Oregon
April 11, 1973

Mr. Chairman and Members of the Committee:

My name is W. D. Hagenstein and I reside in Portland, Oregon. I am a professional forester and a registered professional engineer in the States of Washington and Oregon. I am Executive Vice President of the Industrial Forestry Association which has been working for a permanent timber supply for the forest industry of the Douglas Fir Region in Western Washington and Western Oregon for 39 years. I would like to emphasize that timber supply is our Association's only function and everything we do is directed to that end.

Industrial Forestry Association consists of 130 companies and individuals in the business of growing and harvesting timber and manufacturing lumber, pulp and paper, plywood and veneer, shingles and shakes, hard and soft boards, poles and piling, doors, furniture and other forest products. Our members operate more than 400 wood processing plants and conduct more than 200 different logging operations in our Region. They employ more than 85,000 people. The annual payroll of their employees exceeds three-quarters of a billion dollars.

While a few of our members are relatively self-sufficient for timber, most of them depend on outside sources for a significant quantity of their annual needs. For example, our members have purchased one-third of the national forest timber sold in our Region for the last five years. They purchased two-fifths of the timber sold by

the Bureau of Land Management in Western Oregon during the same period. They also buy a significant quantity of logs and chips produced by others from national forest and other Federal timber. Most of them buy open market logs which are produced from both private and public timber, buy private timber for logging themselves or bid on public timber and either log it themselves or have it logged by contractors.

Rather than load up your Hearing Record on why public timber is important to our Membership, I would refer you to the Hearings held by this Subcommittee on June 8-9, 1972 at Salem, Oregon where, as part of our Statement, there was included in your Hearing Record, beginning on Page 63 and continuing through Page 70, a wealth of statistics on who owns the timber, where the timber harvest comes from and the volume and value of forest products output in Oregon and Washington and the number of employees in our industry and their payrolls. Needless to say, everyone who lives in the Pacific Northwest is interested in what happens to our timber supply. Only those who have no interest in our economy, or who are ignorant of it, or who are completely indifferent to it can live, work and play here without recognizing the forest as the most important part of our lives.

The Board of Directors of Industrial Forestry Association long ago recognized the possible timber supply problem which an accelerated demand for raw material from either domestic or foreign sources would create. That is why we recommended to the President of the United States almost a decade ago that the Nation was on a collision course and needed to address itself to the problem of exports in relation to domestic demands, both for raw materials and jobs. It was in this spirit that we participated in the Hearings held in 1968 by the Senate Select Committee on Small Business which lead to both the Forest Products Trade Mission to Japan that year, in which we participated, and later to the enactment of the Morse Amendment to the Foreign Aid Act which limited the export of logs from Federal timber to 350 million board feet per annum.

Last June we testified before this Subcommittee as to the desirability of extension of the Morse Amendment including maintaining its ceiling of 350 million board feet of allowable log export from Federal timber.

In the fall of 1972, because of an accelerated demand for logs from foreign sources, including British Columbia, and the consequent effect of this on supplies to meet an all-time record domestic demand, our Board of Directors on February 1, 1973 reviewed its position on log exports. It adopted a policy supporting elimination of export of logs from Federal timber. Also, even though it recognized the difficulty of equitably defining substitution, our Board went on record favoring the principle of eliminating replacement of exported logs by acquisition of Federal timber in its place.

At the same meeting our Board also reaffirmed its position of opposition to the restriction of export of logs from private timber.

Because Senator Packwood had asked for our reaction to his draft of a proposal on log exports, we notified his office by telephone that Industrial Forestry Association did not favor any ban on the export of logs from private timber.

Our Board also decided that it would try to work out the framework for a workable substitution regulation under the Morse Amendment and met on March 1, 1973 to see whether this were possible. After a good many hours of discussion it authorized our President to appoint a task force to develop a substitution control proposal for presentation to our Board on March 19, 1973.

This was done and there is attached as a part of my Statement a paper entitled "Position of Industrial Forestry Association on Log Exports."

This position supports reduction to zero of the present ceiling on allowable export of 350 million board feet of unprocessed logs from Federal timber in the Western United States. Different than the proposal contained on this in S. 1033, we are recommending that it be made effective July 1, 1973.

Our position also supports adoption of rules on substitution and recommends that they be developed along the guidelines set forth in our position paper. We also recommend that a substitution regulation be made mandatory, rather than permissive as at present.

We would also like to take advantage of the opportunity of appearing at this Hearing to emphasize that anything done about log exports by Congress this year is really only addressing itself to the short-term timber supply problem. We too have done that earlier this year. We noted in a letter to the Regional Office of the U. S. Forest Service that failure to sell 564 million board feet of the sustained yield allowable cut from the four Western Washington national forests has had the practical effect of creating an artificial timber shortage. We recommended that over and above the sale of the current allowable cut that the Forest Service should wipe out this 564 million board feet deficit over the next 24 months. This has also been discussed with the Office of the Chief of the Forest Service and we are hopeful that the Forest Service will come up soon with a program to accomplish it. This should include seeking the funding it needs from the Congress. If the 564 million board feet are sold it will help relieve the short-term timber supply problem in this Region. Because of the importance of this as a practical means of solving current timber supply problems, we would like to ask that our letter of January 29, 1973 to Deputy Regional Forester Robert H. Torheim and an attachment thereto entitled "Timber Sale Deficits on Westside National Forests in Washington" be included as part of our Statement.

In adopting its current position, Industrial Forestry Association recognizes that the practice of intensive timber management on Federal forests in our Region is a priority need in achieving our Nation's long-term timber supply needs. The time to get started on that is now. For example, just here in the Douglas Fir Region of Western Oregon and Western Washington the annual mortality from insects, disease, wind and fire at present is 3.3 billion board feet per year. More than two-thirds of this

is on public lands. On the national forests alone it is more than 1.6 billion board feet annually or an average of 238 board feet per acre each year.

With better accessibility and direction by the Congress that this salvage be reclaimed rather than continue to be wasted, a significant increase in the current timber supply of the United States could be effected. The trees we're talking about are already here. They are just being allowed to molder away, year after year, because the Congress has not seen fit to direct, fund and hold the agencies accountable for performance in compliance with the basic rules of good forest practice and the basic rules of good business. These both dictate that the people of the United States who own these trees should be their beneficiaries rather than losing them to Nature's wiles. If the transportation system on the national forests in Western Oregon and Western Washington were completed so that half of the annual mortality could be salvaged, it would provide enough building materials for 80,000 homes per year. Anyone, even without benefit of a college education in economics, knows what this would mean in the price of building materials.

In all the national forests of the West the total annual mortality, according to the Forest Service, is 6.2 billion board feet. If only half of it could be salvaged through better access the Nation would be able to supply from its own forests to their owners enough lumber and plywood to build 300,000 homes each year.

The main problem which Congress is faced with is putting pants on the largest, strongest and most significant timberland ownership in the United States--the national forests--so they can supply at least half again as much timber as they do today through better forestry and all the while enhancing the environment both in the woods and in town through healthy watersheds, more attractive scenery, better habitat for wildlife, more recreational opportunities and build homes by the hundreds of thousands for the American people. What better way can the national forests serve the people who own these trees and want them to contribute in every way to their better environment?

We appreciate greatly the opportunity of appearing before this Subcommittee on the subject of timber supply and to express our views on S. 1033 which we do not believe addresses itself to the main timber supply problem facing the citizens of the United States.

Position
of
INDUSTRIAL FORESTRY ASSOCIATION
on
LOG EXPORTS

The Board of Directors, Industrial Forestry Association, adopted the following as its position relative to possible action by Congress on the log export question:

(a) Declared the intention of Congress to prohibit the export of unprocessed USFS & BLM logs needed to meet domestic demands and to prevent the substitution of such logs for exported nonpublic timber. For the purposes of this Act, all other timber is exempt from export restrictions.

(b) Reduce to zero the present authorization to sell annually 350 million board feet of unprocessed USFS & BLM logs for export from west of the 100th Meridian effective July 1, 1973.

(c) Not apply retroactively to rights to export logs under USFS & BLM timber sale contracts existing prior to enactment.

(d) Authorize export of unprocessed USFS & BLM logs declared to be surplus to domestic needs by the Regulating Authority; which will determine periodically whether certain species, grades and volumes of USFS & BLM logs are surplus to domestic needs.

(e) Except as permitted under (h), make ineligible to bid for or purchase USFS & BLM timber west of the 100th Meridian, any party selling logs, or standing timber, either directly or indirectly, for export from nonpublic sources in a defined operating area. Such ineligibility to be effective during such export and for three years from the time of export of the last log.

(f) Prohibit purchasers of USFS & BLM timber from knowingly selling or exchanging, either directly or indirectly, nonexportable logs from any source west of the 100th Meridian to parties ineligible under (e) to purchase USFS & BLM timber.

(g) As provided in the Morse Amendment to the Foreign Aid Act of 1968, subsection (c), the Secretary of Agriculture and Secretary of Interior shall issue rules and regulations to carry out the purposes of this section, including the prevention of substitution of timber restricted from export by this section for exported nonpublic timber. In addition, the Secretaries shall be assisted by a Log Export Council composed of three representatives who receive three-fourths or more of their timber supply from USFS & BLM sources in the three Pacific Coast States, three representatives of owners and/or purchasers of substantial volumes of nonpublic timber in the three Pacific Coast States, one representative at large from other Western States and three representatives to be selected by the above named seven.

(h) Authorize the Regulatory Authority assisted by the Log Export Council to establish procedures for review of applications for variance from the provisions of the Act, and to grant such variance when there is reasonable showing that the applicant will not violate the intent of this Act. In developing substitution rules, it will be necessary to consider the following factors:

(1) An established, historical pattern of USFS & BLM timber purchase should not be disrupted.

(2) Authorize selling, exchanging or purchasing for export of utility (pulp) logs of all species as defined under Log Scaling and Grading Rules for Columbia River Scaling Bureau, et al, dated July 1, 1972.

(3) Regulatory requirement should allow for increased export during periods of reduced domestic demand.

(4) Log and stumpage exchanges shall be permitted providing they do not violate the intent of this Act.

(5) There shall be an appeals procedure to insure that individual companies are afforded a proper hearing in any dispute arising from this Act.

(i) Penalize any violators of this Act by fines and further appropriate prohibitions on purchase of USFS & BLM timber or logs by the violator.

(j) Make such legislation effective December 31, 1973 and have a specific termination date.

(k) Whereas the foregoing addresses itself to the short-term timber supply problem, the Association recognizes that practice of intensive timber management on USFS & BLM forests is a priority need in achieving the Nation's long-term timber supply needs.

Adopted by
IFA Board of Directors
at Portland, Oregon
March 19, 1973

INDUSTRIAL FORESTRY ASSOCIATION

SERVING FOREST OWNERS, LOGGERS, WOOD USERS
THROUGHOUT THE DOUGLAS FIR REGION

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January 29, 1973

Mr. Robert H. Torheim
Deputy Regional Forester
U. S. Forest Service
P. O. Box 3623
Portland, Oregon 97208

Dear Bob: Sale of Allowable Cut Deficits on Westside National Forests in Washington

As I told you this morning, I believe we're on a collision course in Western Washington if something isn't done soon to get more raw material into the pipeline. The situation is critical and is getting worse. It has been compounded this year by the heavy domestic demand, an increase in the export demand and significant purchases, for the first time in many years, of both logs and veneer by British Columbia.

We think that what we have come up with is something which will help, but it is going to take a real effort by the Forest Service to bring it about. What we're suggesting is that on top of sale of the current allowable cut that you offer additionally during the next 24 months the 564 million board foot allowable cut deficit which has been accumulating on the four national forests in Western Washington. Failure to sell this deficit during the planning period has had the practical effect of creating an artificial timber shortage in an area of already tight supply.

We're attaching a memorandum which sets forth the situation in detail on the Mt. Baker, Snoqualmie (Westside), Gifford Pinchot and the Quinault and Peninsula Working Circles of the Olympic National Forests. The memo includes some graphs which dramatically illustrate the timber sale deficits.

Here's your chance to help save the day, to prevent unemployment and to fill the raw material pipeline which will assure some companies and communities that they have a future. Whatever it takes to do it, please know that we're prepared to help with strong efforts in the Congress, with the Administration and the general public. Let us know when you want to go and we will be right there with you.

Sincerely yours,

W. D. Hagenstein

W. D. Hagenstein
Executive Vice President

WDH:rc
Encl.

Informed Forestry Action

TIMBER SALE DEFICITS ON WESTSIDE NATIONAL FORESTS IN WASHINGTON

The Forest Service, as part of its Multiple Use Program, periodically determines the level of timber harvesting from a specific area of national forest land (Working Circle) which can be maintained in perpetuity without impairment of the productivity of the land. This is generally referred to as the sustained yield allowable cut and is determined by considering the current inventory of merchantable timber plus the net growth of the growing stock.

To determine whether forestry is being practiced at the statutorily authorized sustained yield level, a comparison must be made between the amount of timber actually offered for sale to the sustained yield allowable cut.

Examination of the record of the Mt. Baker, Snoqualmie, Olympic and Gifford Pinchot National Forests during the present planning period shows a significant deficit of 564.1 million board feet. This is the amount that has not been sold, but could have been within the determined and published sustained yield allowable cut of these Forests.

The effect of this has been to create an artificial timber shortage in an area where the Government itself is the principal timber owner and where the basic support of the economy, the Forest Industry, is heavily dependent upon a regular offering on the market of the full sustained yield allowable cut of national forest timber. All during the planning period of the forests involved there has been a generally growing demand for timber for both domestic use and shipment abroad in both log and product form. The artificial shortening of supply by failure of the Forest Service to sell its full allowable cut has had an obvious sharp impact on increasing stumpage prices. This has come to a collision course in the last year with the United States building more homes than ever in its history, coupled with the increased demand by Canada and Japan for both raw material and finished forest products. One significant way in which this artificial shortage could be reduced is for the Forest Service to energetically remove the sustained yield allowable cut deficits by selling them over the next 24 months.

To pinpoint the problem and to show the situation locally we have analyzed it for each of the national forests involved and presented below is a summary of the pertinent data, backed up by graphs which clearly show the statistical picture.

Snoqualmie National Forest

The sustained yield allowable cut for the Snoqualmie was determined as 228.6 million board feet for the period from fiscal year 1964 through 1966. This was modified to 167.9 million board feet for the Westside of the Snoqualmie National Forest when the Forest was segregated into two areas for allowable cut determination purposes. The allowable cut for the Westside was again modified in fiscal year 1971 by reducing it to 132.6 million board feet, which reflected an administrative decision to transfer the Mineral Ranger District from the Snoqualmie to the Gifford Pinchot National Forest. The changes in allowable cut from fiscal 1964 to the present have been changes in reporting units principally and not changes in substance.

During the past nine fiscal years (1964 through 1972) the Westside of the Snoqualmie National Forest has failed to sell its sustained yield allowable cut in all but two years according to data shown in Forest Service Report "Timber Management Control Record-Sell." (See attached graph illustrating the situation.)

The cumulative deficit during this nine-year period is 195.8 million board feet, or nearly one and a half times the current annual allowable cut. Since the Report was completed the Snoqualmie National Forest has revised its estimate of timber to be sold during fiscal year 1973 by reducing it 18.9 million board feet from 147.6 million to 128.7 million board feet. This reduction is due to the decision not to offer sales in Roadless Areas prior to filing of an Environmental Impact Statement for such areas. This will make the cumulative deficit for the ten-year period increase to 199.7 million board feet. This change in timber sale plans is not shown on the accompanying graph since it was prepared directly from the 1972 Report which was published prior to the availability of the revised estimate.

Gifford Pinchot National Forest

The sustained yield allowable cut for the Gifford Pinchot was determined as 381.1 million board feet for the period from fiscal year 1963 through 1970. This was modified to 416.4 million board feet when the Mineral District of the Snoqualmie National Forest was added to the Gifford Pinchot in 1971.

During the past ten fiscal years (1963 through 1972) the Gifford Pinchot National Forest has failed to sell its sustained yield allowable cut in only three years according to data shown in Forest Service Report "Timber Management Control Record-Sell." (See attached graph illustrating the situation.)

The cumulative deficit during the ten-year period, all of which has come about because of sale of less than the sustained yield allowable cut in 1969, 1971 and 1972, is 39.2 million board feet.

Mt. Baker National Forest

The sustained yield allowable cut for the Mt. Baker was determined as 164.3 million board feet fo. the period from fiscal year 1964 through 1968. This was modified to 128.0 million board feet in 1969 because of further wilderness withdrawals and creation of parts of the North Cascades National Park and Pasayten Wilderness Area from portions of the Mt. Baker National Forest.

During the past nine fiscal years (1964 through 1972) the Mt. Baker National Forest has failed to sell its sustained yield allowable cut in all but two years according to data shown in Forest Service Report "Timber Management Control Record-Sell." (See attached graph illustrating the situation.)

The cumulative deficit during this nine-year period is 159.7 million board feet, or nearly one and a fourth times the current annual allowable cut.

Olympic National Forest (Quinault Working Circle)

The sustained yield allowable cut for the Quinault Working Circle of the Olympic National Forest is 92.6 million board feet annually.

During the past three fiscal years (1970 through 1972) the Quinault Working Circle has failed to sell its sustained yield allowable cut in each of the three years according to data shown in Forest Service Report "Timber Management Control Record-Sell." (See attached graph illustrating the situation.)

The cumulative deficit during this three-year period is 124.4 million board feet, or one and a fourth times the current annual allowable cut.

Olympic National Forest (Peninsula Working Circle)

The annual sustained yield allowable cut for the Peninsula Working Circle of the Olympic National Forest has been variable. It was determined in fiscal year 1968 as 118.5 million board feet, dropped to 104.9 million board feet in 1969, raised to 111.9 million board feet in 1970 and raised in 1972 to 126.7 million board feet.

During the five fiscal years (1968 through 1972) the Peninsula Working Circle has failed to sell its sustained yield allowable cut in all but one year according to data shown in Forest Service Report "Timber Management Control Record-Sell." (See attached graph illustrating the situation.)

The cumulative deficit during this five-year period is 45.0 million board feet.

Social and Economic Impact of the Deficits

Harvesting and processing one million board feet of logs in Western Washington generates approximately 33 man-years of employment within the State. Therefore, failure to sell the 564 million feet of accumulated allowable cut deficits detailed above has cost 18,600 man-years of employment in an area where employment has been critical in the last three years.

The adverse impact on local tax revenues has been significant too as 564 million board feet would generate $6,685,000 in direct and indirect sales taxes, business and occupation taxes, etc., according to a 1972 report by Business-Economics Advisory Research, Inc. of Seattle.

The direct benefit to Western Washington schools if the 564 million board feet of allowable cut deficits are sold over the next 24 months and based on a conservative stumpage price of $50 per thousand, would be $3,575,000, which is half of the 25 per cent Federal law allocates to counties as their share of receipts from sale of products from the national forests for roads and schools. Washington law splits the receipts 50-50 between county governments and school districts.

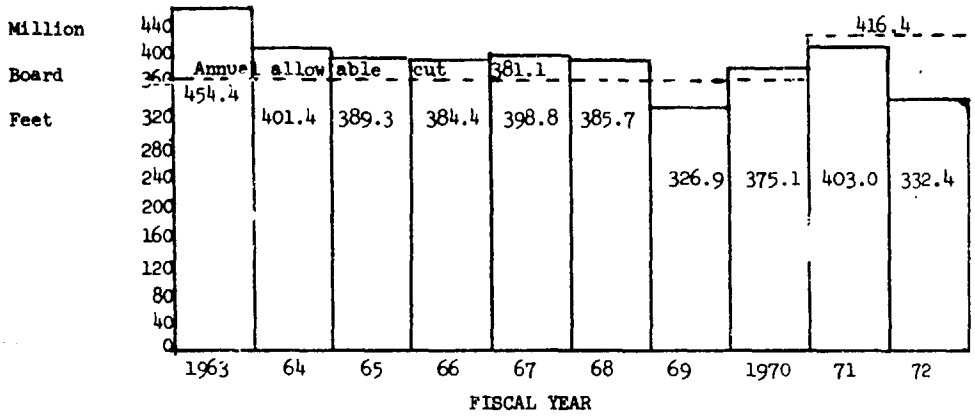
Industrial Forestry Association

January 29, 1973

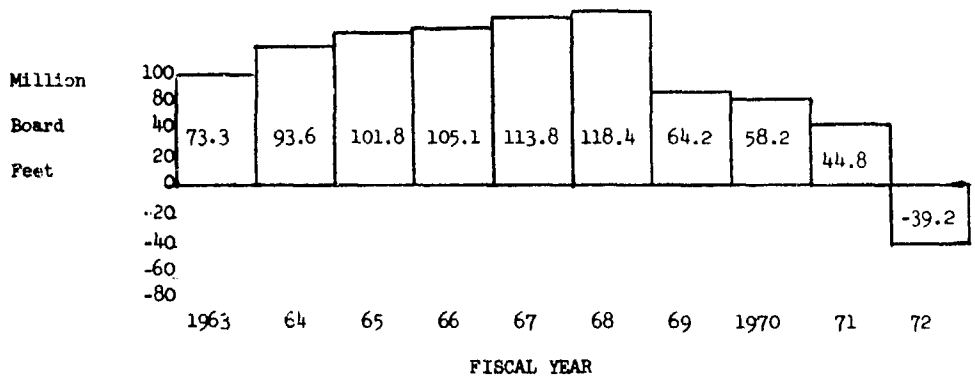
ALLOWABLE CUT - SELL RECORD

GIFFORD PINCHOT NATIONAL FOREST

Timber Sold During 10 Year
Plan Period



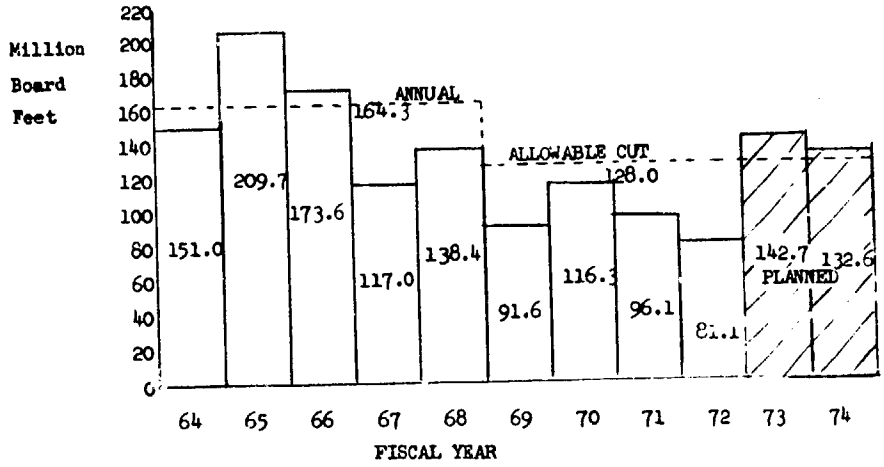
CUMULATIVE DIFFERENCE



ALLOWABLE CUT - SELL RECORD

Mt. Baker National Forest

Timber Sold During 10 Year
Plan Period



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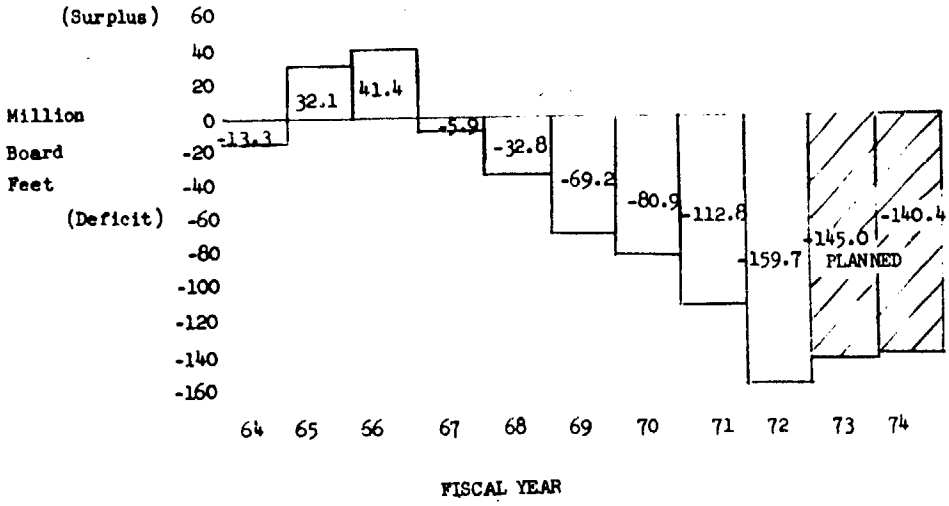
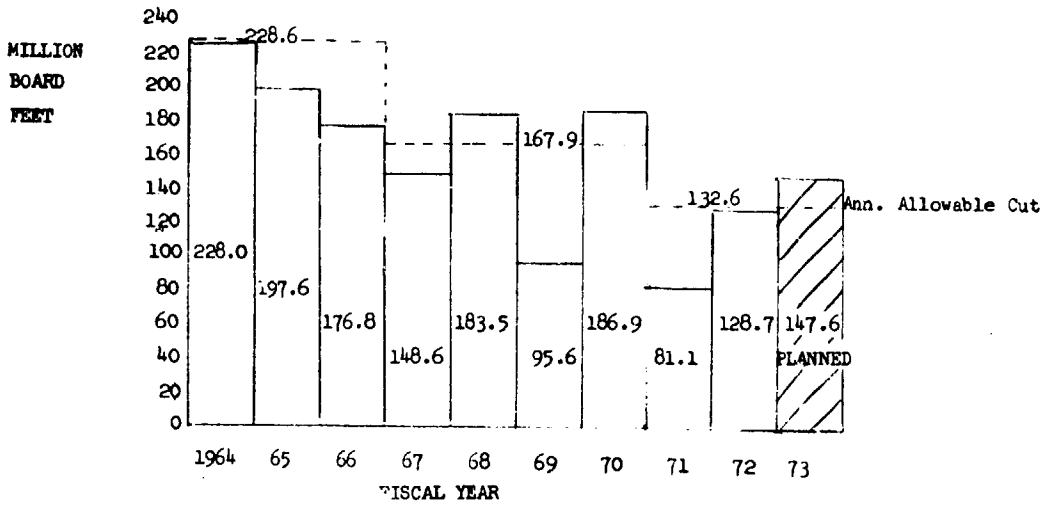


ALLOWABLE CUT - SELL RECORD

Snoqualmie National Forest
(Westside)

Timber Sold During 10 Year
Plan Period



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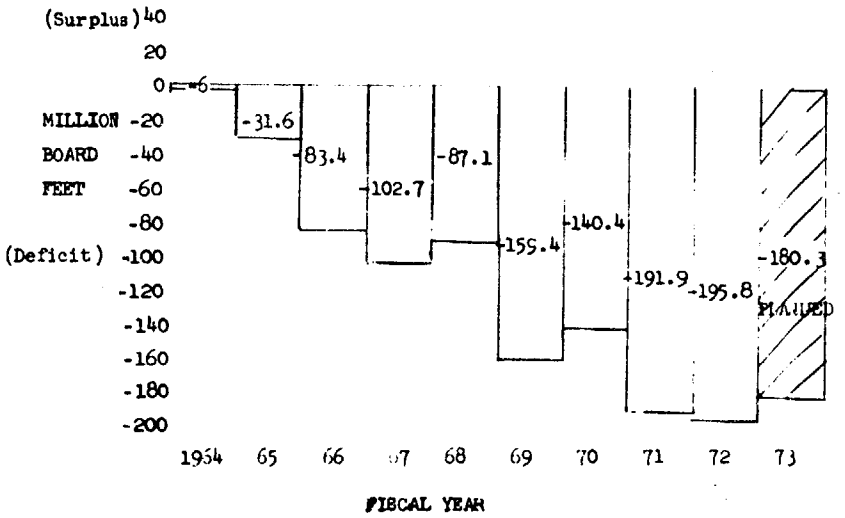
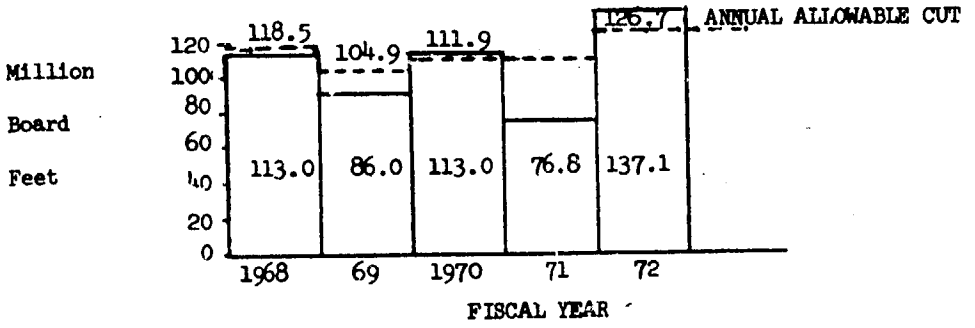


ALLOWABLE CUT - SELL RECORD

OLYMPIC NATIONAL FOREST

Peninsula Working Circle
Timber Sold During Plan Period



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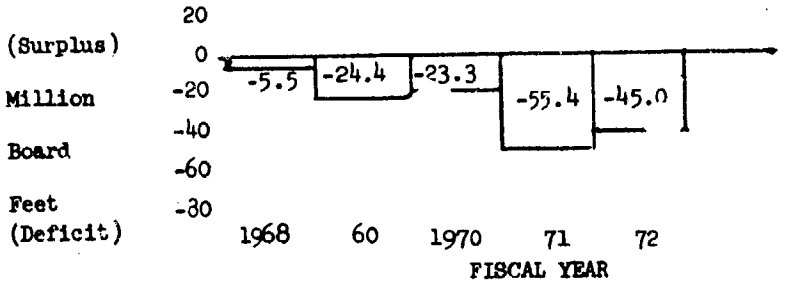
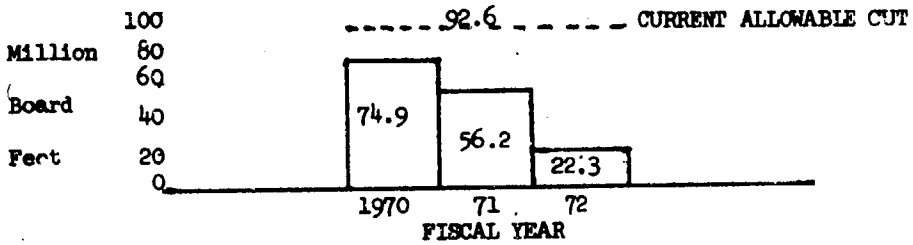


ALLOWABLE CUT - SELL RECORD

OLYMPIC NATIONAL FOREST

Quinault Working Circle
Timber Sold During Plan Period



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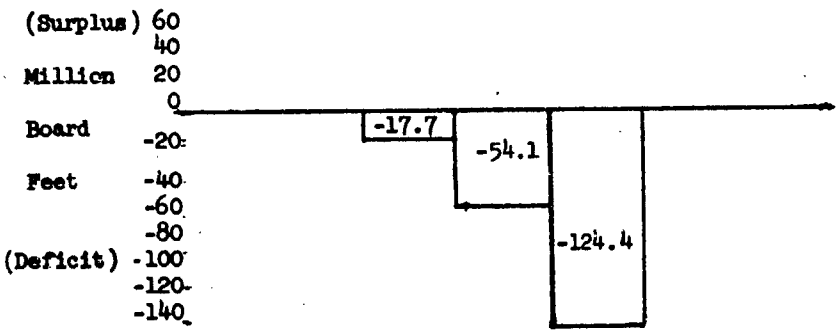


Hang-Up on Log Exports

By
W.D. Hagenstein
Executive Vice President
Industrial Forestry Association

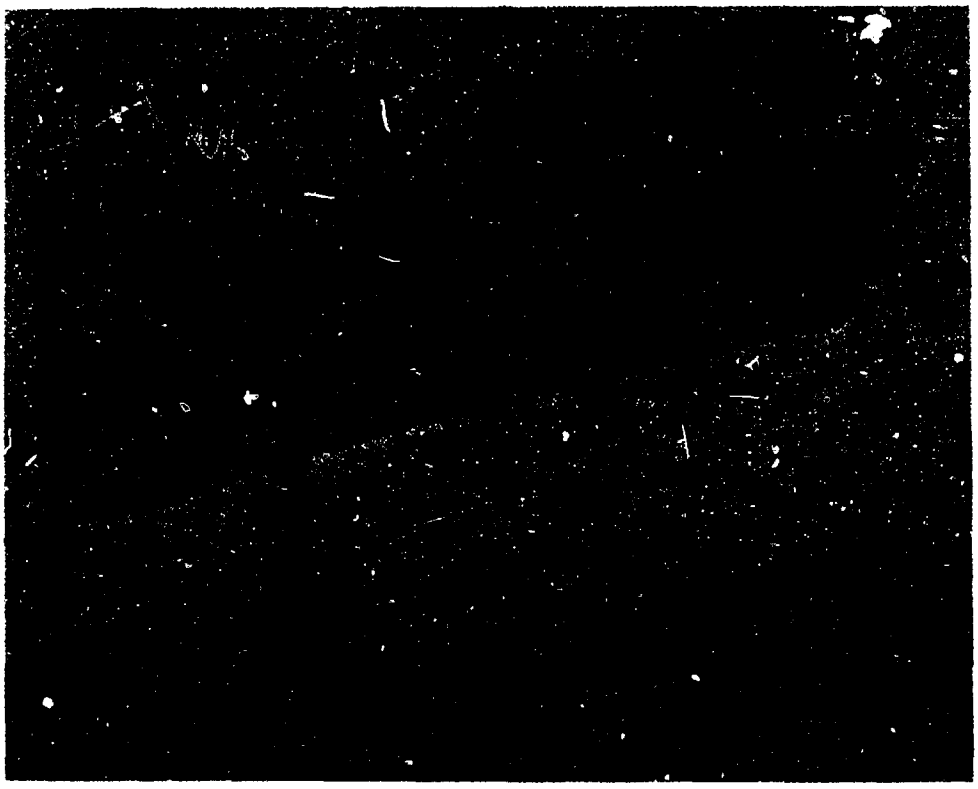
The Pacific Northwest has a hang-up. It's about log exports. "Hang-up" is a technical logging term used variously when things go haywire. It's also a common psychological term today in reference to things which bother people.

Open any Pacific Northwest newspaper, listen to any radio station, or look at any telecast and someone is holding forth on log exports. He is either for them, against them or some combination in between. If the interviewer ties him down, he generally finds that the individual's hang up on log exports is mainly because his tunnel vision focuses on it entirely from his own standpoint. Like any subject affecting the general economy, people want to look for solutions to any problem which will do the least violence to his own, or his company's, economy. Few, if any, are able to submerge themselves in the log export debate by taking the stance of what is good for most of the people.

What to do about log exports is not a new public question in the Pacific Northwest. It's been with us since the early 1960's when Japanese log buyers became active again for the first time since the late 1920's.

When the Columbus Day storm blew down seventeen billion feet of timber on October 12, 1962, the additional demand for logs from the Japanese enabled the rapid salvage of the seventeen billion feet of timber laid flat by Typhoon Frieda. Everybody was then pleased with the increased demand for logs and hoped that when the salvage was cleaned up, the demand would subside. But it didn't, because the Japanese economy was growing and, for the first time, that nation was trying to house its huge population.

Japan, with eight and one-half million acres less than California, has five times as many people, or 100 million. Even though Japan is 62 percent



forested and its forestry has been at a high level for several centuries, there is no way it can provide all the wood it needs for housing, paper, rayon, photographic film and other forest products.

The Industrial Forestry Association which represents 130 companies throughout western Oregon and western Washington, both timberland owners and public timber buyers, took a strong position on the log export question in August of 1964. It recommended to the President that the situation required positive action to safeguard our economy and suggested he direct the Secretaries of State, Commerce, Agriculture and Interior to cooperate with the States of Washington and Oregon and the forest industry to devise a solution. The association said it would support restriction of log exports from Federal timber and supported Washington Senator Warren Magnuson's proposal that a trade agreement be negotiated with Japan to require "that for every thousand feet of American logs purchased Japan be required to buy a thousand feet of American lumber or plywood."

In 1967, IFA participated in a meeting sponsored by the Washington-Oregon Congressional Delegation in Washington, D.C. with representatives of Departments of Agriculture, Interior, State, Treasury, Commerce and Labor where the industry unanimously agreed that the government should move swiftly to freeze log exports from Federal timber at the estimated 1966 rate of 350 million board feet. At that time the major Pacific Northwest log exporters assured the Delegation that they would not exceed their historic purchase of government timber so that they would not be in the position of exporting their own and then replacing it with Federal timber in competition with those primarily dependent thereon.

In January, 1968, former Senator Wayne Morse invited the author to be the initial witness at hearings he conducted for the Senate Select Committee on Small Business to investigate the problems of Japanese log exports. These hearings stimulated the Forest Products Trade Mission which went to Japan a month later. The author and other industry representatives and government officials participated in the Trade Mission which urged moderation on the Japanese by telling them that any continued escalation in their purchase of Pacific Northwest logs would lead to domestic supply problems. In turn, we warned them this might trigger political action severely restricting or prohibiting their privilege of log purchases. Morse conducted a second hearing in July which led to enactment of the Morse Amendment. This law restricted the export of logs for three years from Federal timber in the western United States at an annual rate of 350 million board feet beginning January 1, 1969. Senator Robert Packwood obtained extension of the Morse Amendment until December 31, 1973.

In June, 1972, Packwood conducted Senate Banking Committee log export hearings at Salem and Washington, D.C. No report was issued on these hearings, but they have led to a bill by Packwood which reduces log exports under the Morse Amendment to zero by year-end and phases out log exports from non-Federal timber by January, 1977.

The rapid escalation of foreign log buying since the fall of 1972, not only by the Japanese but by the British Columbians who came into our log market because of a logging strike last summer, coupled with our all-time record housing year, sent log and stumpage prices sky-high.

Hence, the current hang-up on log exports. When any industry gets on a collision course between demand for its products and supply of its raw materials, then everybody wants something done about it.

For the short term, Industrial Forestry Association has modified its previous support of the Morse Amendment with its 350 million board feet log export quota by opting since February 1 for zero exports from Federal timber sales. It also has a task force busily trying to draft a substitution regulation to make the principle work fairly for everyone.

IFA has also urged the Forest Service to help fill the raw material pipeline of Federal timber-dependent companies in western Washington by selling over and above its current allowable cut in the next 2 years the 564 million board feet deficit it has accumulated in the four national forests in western Washington.

For the longer term, IFA knows that many communities in the Pacific Northwest can only survive if their timber supply is strengthened by better forestry. There's no better way to do it than by remotivation of present officials of the Forest Service and Bureau of Land Management with the same world-renowned urge to grow trees their professional predecessors had. This means recognition first of all by the Congress that our Federal forests could furnish a much more abundant annual timber harvest. They only need managers with the will to do and the direction and funds from Congress to do it. It may mean remotivation of some Northwest elected officials too. We cannot continue to fritter away the promise and potential of Northwest national forests nor the O & C lands as some of the finest timber growing lands in the world by not wanting to practice intensive forestry on them. Not at all, if we want to continue support for the 44 percent of Oregon's population and the 21 percent of Washington's directly dependent on forestry for their livelihood. Not at all either, if the Pacific Northwest fulfills its responsibility to all the home builders in America which depend on us for the renewable building materials for the three out of every ten homes to be built in our nation from now on.

Nothing like statesmanship to solve a dilemma. We need it now – both industrial and political. We need recognition by everyone involved that moderation, reason, understanding of the other fellow's views and a spirit of live and let live is imperative if we are to unhang the log export hang-up and get on with the show.

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STATEMENT BY BERNARD L. ORELL, VICE PRESIDENT FOR PUBLIC AFFAIRS, WEYERHAEUSER CO., TACOMA, WASH.

Mr. ORELL. Good morning, Senator.

Senator PACKWOOD. Good morning, Bernie.

Mr. ORELL. As you know, we presented testimony by Charlie Bingham in Washington, D. C., so my testimony this morning will relate itself particularly to log exports and their relativity to our operations in the State of Oregon. We have been an Oregon timber owner since shortly after the turn of the century, and began manufacturing operations in the late 1920's, in eastern Oregon, and after World War II, in western Oregon. We have grown rapidly here in the past 10 years, making investments of $138.2 million in the past 5 years alone. We now are Oregon's largest industrial employer, providing 7,705 man-years of work in 1972.

We are a net seller of raw material in the State. In 1972 we sold 550 million board feet of timber in Oregon. Of this total, 478 million board feet of logs and timber were sold to domestic competitors, and 72 million board feet of logs were sold in export.

In addition, we used 822 million board feet of logs for lumber and plywood production in our own mills in the State of Oregon.

More than 5 percent of Weyerhaeuser company's export sales originate in our western Washington timberlands; most of the rest originate in southwest Oregon—in the southwest region, centered at Coos Bay.

There are several reasons for this imbalance between activity in the two States Almost all of them revolve around the difference in the makeup of our timber ownership in the two States and the timber stand complexion.

The Japanese market, as you know, prefers white wood's: coastal hemlock, spruce, and Port Orford cedar and true firs. In western Washington, the white wood inventory is larger than the Douglas-fir inventory. In western Oregon, the opposite is true. Post Orford cedar, which is an Oregon species is the exported wood, but it makes less than 2 percent of U.S. export volume, and 11 percent of Oregon's.

Nevertheless, log exporting does have economic significance for Oregon through the direct and indirect employment for 3,000 people. But of much greater long-term economic significance, the Oregon log export trade promotes the utilization of the State's most important natural resource, timber.

There seems to be an assumption that the lower the value of the timber and logs, the more available the raw materials will be. This is an erroneous assumption. If farm prices fall to the point that the farmer cannot make an adequate income from his land, he does not increase production. He either changes the use of his land to something that will provide more income or he stops investing in it, and may even abandon it.

Exactly the same principal works with the commercial forest land. The higher the value of the crop, the more intensively the land will be managed, and the more carefully the product will be used; and the more timber and logs will reach the market. Unless the producer knows that he can earn enough to afford an additional mile of logging road or a better piece of mill equipment, he will simply leave some of the stands uncut, removing and utilizing only the highest grade logs

from what he does harvest, and he will do only a minimum job of growing the next forest.

The next page or two gives you some descriptions of the specifics of this, but I think I will pass that over to get to the rest of the material within the time limit. These make a clear case of log exports having contributed to the maximum utilization of the forestry resources.

This extra utilization has had a major impact on product conversion as well. We obtained about the same amount of lumber from our acre last year as in 1962. But we made twice as much plywood, and we increased the amount of chips for pulp. We were able to increase the volume of logs we could sell to our domestic competitors from 7 percent in 1962 to 16 percent last year. In other words, the 8 percent of the wood volume that left this particular acre to go into export log markets also permitted us to increase log and timber sales to other Oregon mills. And because of the added values and additional market opened, including the export chip market, mill waste also dropped dramatically, and the next chart illustrates that.

A log export ban would, as it applied to Weyerhaeuser, force us to reduce, dramatically, our log and timber sales to other mills, and would remove much of the incentive for our forest management investments and for further manufacturing investments in Oregon.

Log exports originating from Oregon lands—as opposed to those passing through the Oregon Customs District, which includes southwest Washington ports—are only 13 percent of west coast log exports. They amount to less than 4 percent of the State's annual timber harvest. They are not a significant factor in the State raw material supply for domestic mills.

Our log and timber offer of February 17, which extended our normal domestic sales program, did make it apparent that there are about 18 mills in our operating areas with current raw material supply problems, and that there are many others concerned about levels of future availability. These are problems, however, that have generally nothing to do with Oregon export of logs, but definitely have a great deal to do with availability of Federal timber.

However, the suggestion has been made that a ban, which would stop the major flow of logs offshore from Washington State would alleviate those Oregon mill concerns for the future, and might help solve current problems. It would not for two reasons. One has to do with species mix: the Washington exports are primarily of hemlock; not of Douglas-fir.

The second and most important is transportation cost. Despite what's been said earlier, these logs simply would not be transferred economically into the Willamette, into the Roseburg area, the Medford-Ashland area into eastern Washington, where there is unused mill capacity. As you know, my company submitted testimony on that to the full committee hearings in Washington, D.C. last month. We believe that testimony and the data which accompanied it demonstrates conclusively that log exports are not a factor in domestic lumber and plywood availability and price today, and that the impact of a ban might actually be to increase the lumber shortages and lumber crisis.

If you do not have a copy of this testimony available, I have a copy

available with me if you need it for framing any questions. We appreciate, again, the opportunity, Senator, to present, if you will, this side of the picture.

Senator PACKWOOD. Bernie, I have a copy of that testimony. I do have it with me from Washington. I hope you won't have to [illegible] before us too often on this subject, perpetually, over the years.

Let's go back to this transportation argument. You just heard Mr. Herbert and Mr. Hollenbeck testify that, yes, indeed they would transport the lumber that far, at least we're talking about to the Eugene and south in that area. You are saying no?

Mr. ORELL. I'm saying the likelihood of it happening is almost nil. One of the things that one has to reemphasize throughout these hearings, when discussing the 2.7 billion feet of logs going offshore from the west coast, 82 percent of that comes from the State of Washington, and that only 270 million feet of this comes from Federal lands; the other 2.4 billion feet of logs is coming from State and private lands and will not actually be made available. In other words, the probability that the private owners or that the State of Washington would necessarily do anything more than inventory that timber is one question that hasn't been addressed in any of these hearings.

Senator PACKWOOD. You made reference to that in your testimony. Would a log export ban, as it applied to Weyerhaeuser, force us to reduce dramatically our logs and timber sales to other mills and remove much of the incentive for further investments of Weyerhaeuser in Oregon. Why, Bernie, assuming there's no exports, you couldn't export—why wouldn't the State of Washington and why wouldn't Weyerhaeuser, who are managing the forests, as you indicate on a sustained yield, why wouldn't they just let it grow——

Mr. ORELL. I think the element that is not understood, perhaps, is the effect of log exports on total value and the resulting volumes of material that are coming off both private, State and even Federal lands, and this is just simply tremendous in terms of total volume in cubic footage. The State of Washington is a good example. We're putting through sawmills and plywood plants in the State of Washington a great deal of material that 10 years ago would not have been processed at all but would have gone into whole log chippers. We are practically not chipping any raw logs for offshore chip flows or for domestic pulp mills. This is the result of the total value of raw material that is coming off the harvested land because of complete availability of markets. In the event of an export ban a large volume of wood would be left in the woods.

Senator PACKWOOD. Isn't a fair amout of that just improved product processes?

Mr. ORELL. No; we haven't yet really began to employ available production technology while production processes have improved, using the illustration of the farmer, what he gets for his material, has a major effect on how much cubic volume comes off the harvested acre and his interest in regenerating it. The total answer to intensive industrial forestry, and believe me, on Federal forests as well, is reasonably high stumpage value. This can be maintained only through flexibility, which creates that value, and allows the owner to obtain it in a variety of markets.

You had a response from Peter Murphy to the same question, and also from Whitey Howard. Essentially, what they were saying to you was the fact that the availability of the export market in the one instance allowed him to be more competitive and obtain the timber he needed. In the other instance there was some restriction in ability to export and he was less competitive. Now when, you get to the Federal timber supply question and the bidding that has been going on, and believe me, we all agree that some of this wild bidding on the part of the Japanese trading companies has been most unfortunate. One has to realize that here, too, is the question of supply and demand, related to Federal timber. If the full Federal allowable cut in the West had been available for sale, that additional volume would have an influence on the value of each timber sale, and the price which the same number of bidders would have to pay—as compared to the current necessity for bidding against a restricted supply, whether exported or whether bid for domestic markets.

Senator PACKWOOD. On a supply situation and——

Mr. ORELL. This is on Federal timber itself. Now, the domestic market supply end is another question.

Senator PACKWOOD. Why?

Mr. ORELL. The matter of housing starts, which is the market for 55 percent of the lumber and plywood produced in this country. The manufacturer does not set the domestic price. He cannot set it in relation to his cost of growing the timber or of purchasing it or the cost of the processing. It is set by the domestic market, and it's a classic example of demand-pull and not cost-push. When the domestic market goes up, the end product goes up, and this demand is what we are talking about.

Senator PACKWOOD. Bernie, I'm curious; if you don't export the logs, you choose not to sell them, domestically, for whatever reason, what is Weyerhaeuser going to do with the logs?

Mr. ORELL. Well, the immediate answer is that No. 1 we could not sell our logs in Oregon, contrary to what Mr. Hollenbeck and what Mr. Ewing said. The operations in Oregon would not be able to utilize the material even if available because of the impracticality of transporting it there. The average log load carried by a highway truck is 7,000 board feet. You divide that amount of footage into 2 billion feet; in terms of transporting that volume 100 to 150 miles or more, and the number of trucks on the road would be astronomical aside from the hauling costs which also would not be economically viable. If the 2 billion feet, which is not our figure, incidentally, but the 2 billion feet in the State of Washington were limited, as far as exports are concerned, you asked what Weyerhaeuser would do. We probably would inventory it until the market responded in the next upturn, and would permit us to develop conversion capacities to convert it ourselves. So, in Washington——

Senator PACKWOOD. Right. But you still have to keep it until you could make the investment in your productive capacity.

Mr. ORELL. That's right. And you have to realize that in 1960 Weyerhaeuser had a policy of converting all of its raw materials through its own conversion facilities.

[The charts accompanying Mr. Orell's statement follow:]

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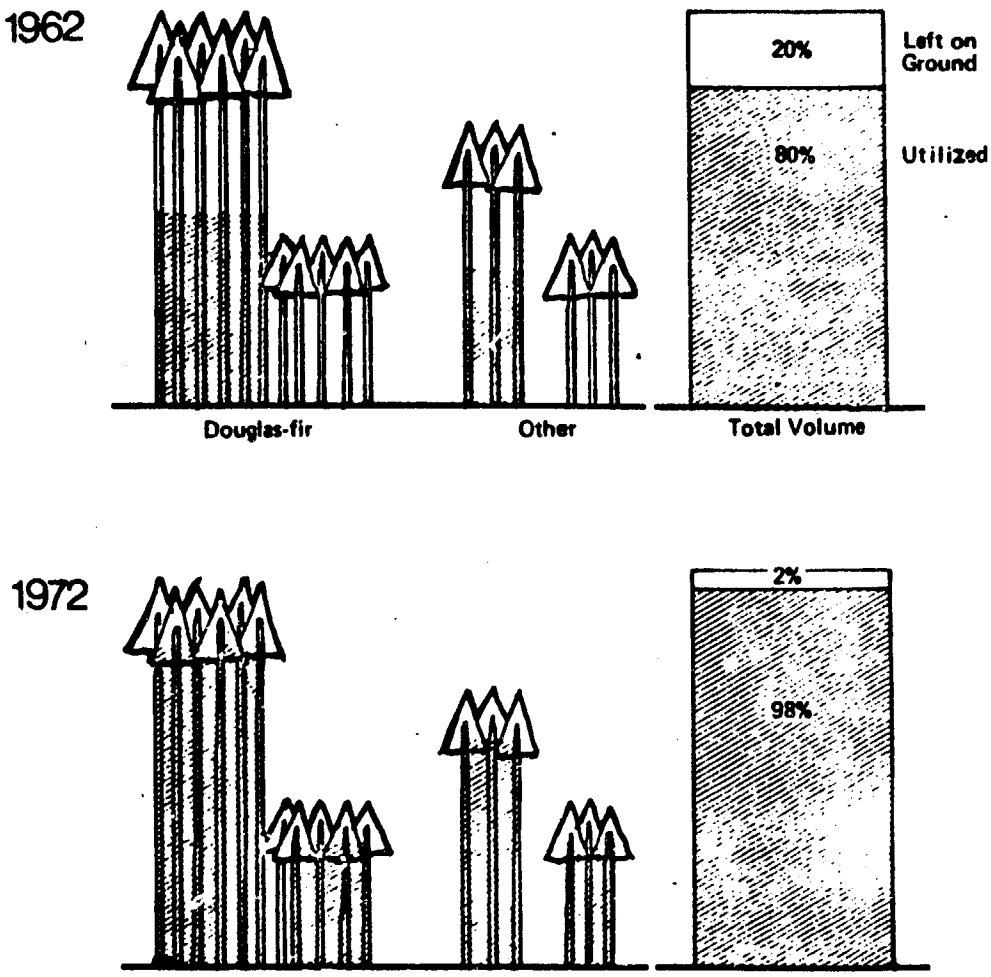
WOOD UTILIZATION HAS INCREASED

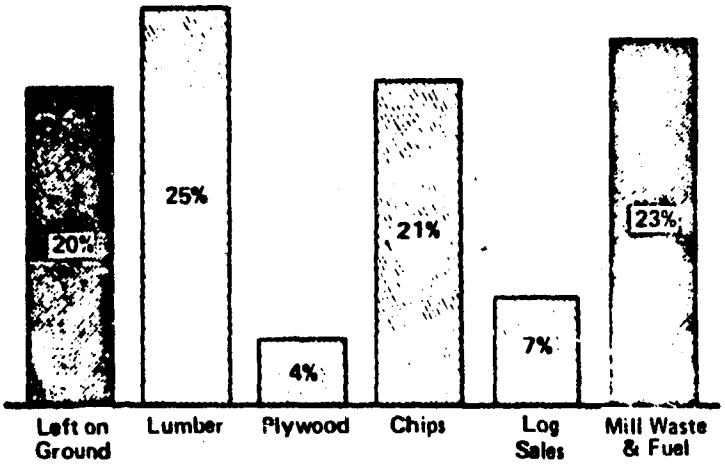
Douglas-fir Forest/Oregon
1 Acre - 16,000 cu. ft.



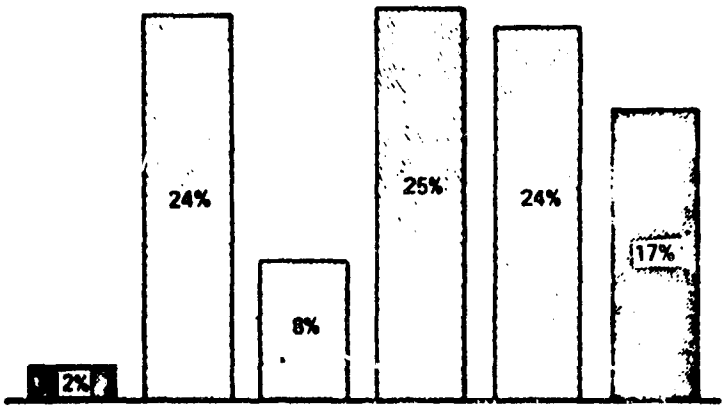
PRODUCT MIX HAS IMPROVED

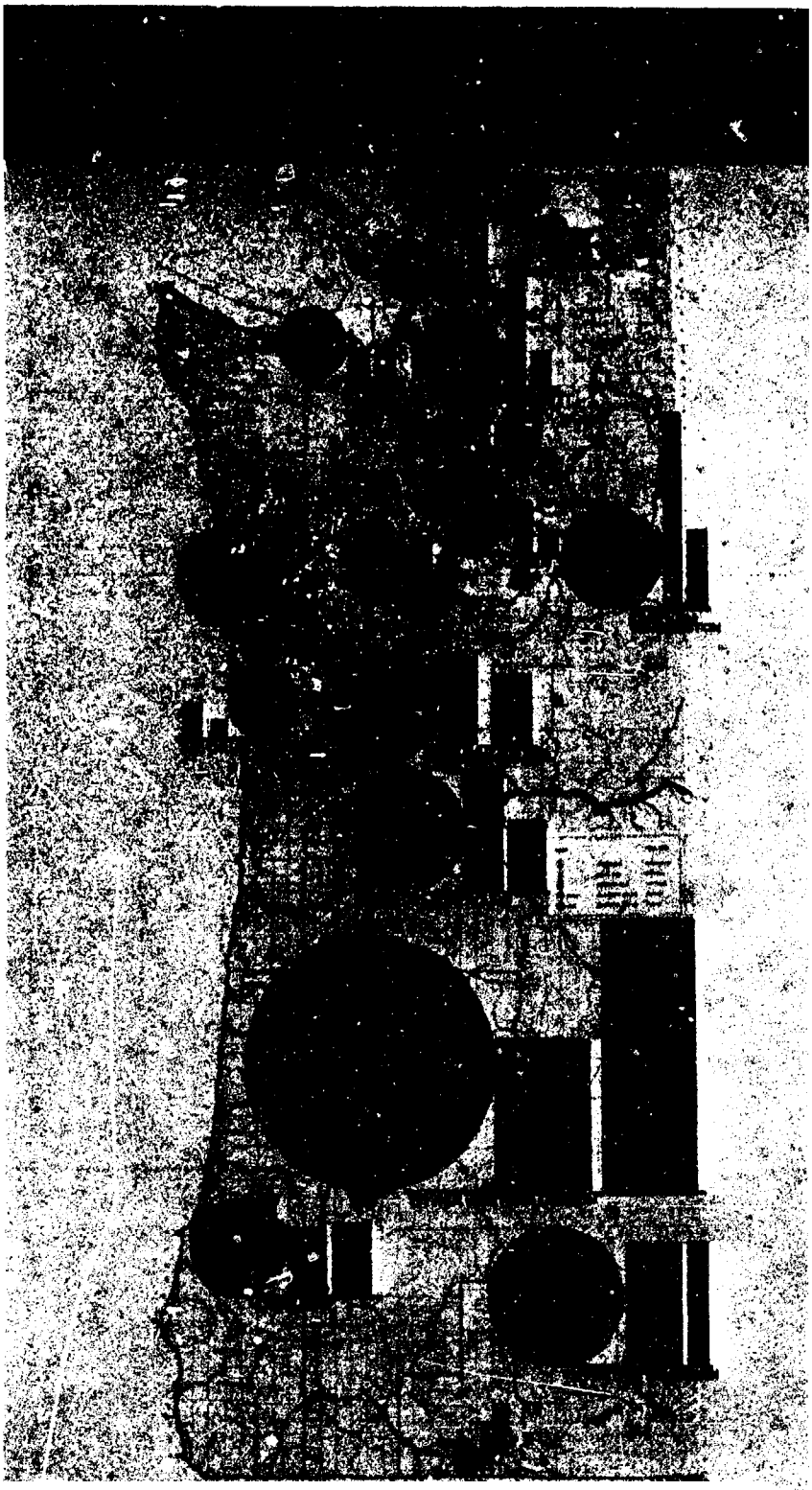
Douglas-fir Forest / Oregon
1 Acre - 16,000 cu.ft.

1962



1972





Senator PACKWOOD. I have no further questions. Thank you very much.

Mr. White.

STATEMENT BY VERNON S. WHITE, EDITOR, "WESTERN TIMBER INDUSTRY," PORTLAND, OREG.

Mr. WHITE. Senator Packwood, I am Vernon S. White, editor of Western Timber Industry, a trade journal circulating to logging, log hauling, lumber and plywood mill management in the Western United States.

I've watched the log export capacity range for about 10 years. In that time, it's becoming crystal clear that world supply of saw log and peeler-quality soft wood will become increasingly inadequate at prices within hailing distance of those we have known.

The United States, Canada and Japan will not produce the soft wood wanted by all three at the tranditional price levels. Someone is going to go without.

British Columbia citizens long since decided that their interest is in milling in their own nation. As Ray Willison, their long-time lands minister, put it, this providence cannot afford to export jobs. Neither can we.

Long term foreign and domestic demand will support all the timber we are willing to make or can safely make.

Quality soft wood is not available to the Japanese in the quantities they need and will not become available in the future. We run no significant risk in capturing the economic benefit of manufacturing our own raw material.

It is asinine for longshoring interests to argue that dock jobs will be lost by our interest in domestic manufacture. They are contending that more value is aded by loading aboard a foreign vessel, often with ship's gear, than is added by manufacture and then loading, often aboard U.S. transportation.

Domestic manufacture will aid the U.S. trade balance probably by something in the $375 to $450 million range yearly when we cease to export raw material and replace it with higher priced finished product. Now the Japanese gain benefit of the labor from our logs, and we pay the Canadians to manufacture theirs. We are net losers at both ends of this three-way trade.

The limiting factor is raw material supply. It is not market. Neither is it manufacturing capacity as has recently been suggested by Weyerhaeuser Company. Capacity surveys by Portland homebuildings, West Coast Lumber Inspection Bureau and Western Timber Association of San Francisco have shown billions of feet of lumber and plywood capacity idle but available if mills could get logs.

I support your bill's provision for phaseout of log export from private as well as public lands with its escape valve for logs declared surplus.

Senator, I believe the Japanese recognize that we are going to restrict exports further, somehow.

That, I believe, is the reason for their swelling interest in west coast sawmill investment.

I congratulate you that your bill decreases the thickness to which cants must be sawn to qualify as manufactured. I suggest that if provisions are not added also requiring edging, trimming and dressing, we may see construction of a rash of Japanese financed sawmills providing relatively minor labor but still able to bid successfully for our timber and direct it to Japan for most of its manufactured processes.

Before we start down that path, I urge that some U.S. mill men try to buy or build mills in Japan to manufacture U.S. logs there and to offer the lumber in the Japanese market at whatever price their costs and opportunities dictate.

If they encounter governmental or cartel-inspired barriers to ownership, operation or free-price marketing, I suggest that corresponding barriers to Japanese ownership of mills here be erected until those in Japan are removed.

Lacking either free access both ways, or equal protection, our Douglas-fir and redwood regions may be reduced to the kind of Japanese futile forest heaves that Alaska has already become.

I congratulate you on your bill, Senator Packwood. It's early passage will be of tremendous economic benefit to the forest-dependent areas of the Far West.

Senator PACKWOOD. Okay. Let's go to the balance of payments question a minute. The argument is made that if we cut off or restrict the exports to Japan, we will reduce, somewhat correspondingly, our lumber imports from Canada.

Mr. WHITE. Right.

Senator PACKWOOD. What's your opinion?

Mr. WHITE. I think that's correct.

Senator PACKWOOD. Fairly substantially? Is there almost an even trade-off?

Mr. WHITE. Well, it is difficult to say exactly how much raw pulp the Japanese could obtain elsewhere, but I think it's relatively minimal. The logs that they would then save, I think would largely go in the U.S. market, and the Japanese probably do to a very great extent three-quarters of the volume or so and would be inclined to turn to British Columbia and—to purchase manufactured lumber there.

The item that Joe McCracken brought up earlier about the Japanese turning to Latin America and other sources is doubtlessly correct, Senator, but not to the degree that he indicated, because most of those other sources are pine and are of relatively low quality. The only place they can get the high quality structural material that they really desire is in North America. So, I think that they would turn to British Columbia or in some cases to us for manufactured material.

Senator PACKWOOD. Now, what are the Japanese going to do for their own domestic sawmilling situation?

Mr. WHITE. I can't answer that. I suppose it would be a compromise between the two. Some of their mills would go out of business, and some of them would become dependent upon pines from Latin America and perhaps some additional material from Siberia, although I notice the Soviets rarely, if ever, really live up

to the commitments that they had made to the Japanese in recent years. The material hasn't been acceptable, and they have agreed to ship to Japan. Mainly, the Russians can't get it out, and they don't have the roads or capacity to get it out.

Senator PACKWOOD. I have no other questions. Thank you very much.

We have Mr. Scott and Mr. VanCuren. Are both of you here now? If so, let's go ahead. This may be the last presentation this morning. We'll break until 2 o'clock. Are all of you ready to go? Is Mr. Scott here? Well, why don't we go ahead with the two of you and we'll try to catch Mr. Scott immediately after lunch.

STATEMENTS BY GEORGE CASSEDAY, PRESIDENT, WESTERN COUNCIL OF LUMBER AND SAWMILL WORKERS, SEATTLE, WASH.; AND GALE VAN CUREN, REPRESENTING THE ASSOCIATION OF WESTERN PULP AND PAPER WORKERS, SEATTLE, WASH.

Mr. CASSEDAY. My name is George Casseday, and I'm president of the Western Council of Lumber and Sawmill Workers, one of the two unions representing 40,000 people working in the lumber industry.

We believe it is sensible for our Government to establish rules and regulations under which all domestic users of timber are supplied in quantities and qualities of timber, at competitive prices necessary to supply our country with its forest products, needs, at prices the consuming public will consider competitive and fair. We do not believe it is too difficult or complicated to accomplish this if all concerned approached the problem objectively. With this in mind, we will attempt to briefly outline the things we feel are necessary to accomplish these objectives.

First, the consumer has a right to be assured that our forests, whether they be public or private, are being properly managed so we can all be assured of a perpetual supply of timber. If properly administered, most of the regulations necessary to accomplish this are already in existence, but should be reviewed and new regulations made where necessary to bring about the proper assurance that a maximum amount of timber lands are being logged. The Government should insist on a maximum sustained yield cut, which should control where, and in what way, which should include controlling clear cutting, allowing it in the proper places, and prohibiting it where it is deemed by forestry experts to be harmful.

The subject of proper forest management is complicated and lengthy. We will leave the subject and proceed with our statement based on the assumption that we can all agree that forest management is the responsibility of the Federal Government absolutely essential to future generations.

Before we can discuss regulations to assure domestic users of a supply, we believe we should first try to understand what is involved. As we see it, there are at least three different users to consider, sawmills, plywood plants, and remanufacturing facilities. Each has different needs. It should not be too difficult for the proper Government agency to make periodic evaluations of the domestic needs.

Once these evaluations are made to establish regulations, companies will be assured logs will be available to supply their needs.

Remember this, the consuming public establishes need for forest products. Sawmills specialize and gear their operations to specific products. This creates need for certain type log both from the standpoint of grade as well as species. A cedar sawmil lcannot change to fir or hemlock without making considerable capital investments. Consequently, he rises or falls with the cedar market, including closing up when he feels he can no longer tolerate the conditions forced upon him by a government that is so unresponsive to his needs, he no longer cares to fight the odds.

Senator PACKWOOD. Mr. Casseday, you have about one more minute, if Mr. VanCuren is going to get his 5 minutes.

Mr. CASSEDAY. This, in most instances, is long before he goes broke. The Seattle Cedar Lumber Company of Seattle is the most recent example. They closed their doors on March 13, 1973. Two hundred jobs needlessly disappeared simply because Seattle Cedar Company could not secure western red cedar in quantities and quality neecssary to operate. Yet the market is simply starved for the products they produced. We believe the export market could have sparked the 20 million board feet a year necessary to keep this company in operation. The best efforts of our local union in Seattle, two Senators and six Congressmen from Washington State could not persuade anyone in the Federal Government to get this job done. Of course, we could have been getting no more than lip service from our congressional delegation. I doubt we will ever know for sure.

Plywood plants also specialize. Sheathing plants require a different type log than sanded mill. Some plywood plants extend this selectivity, to some extent, to species.

Remanufacturing is probably the most neglected part of this whole problem. Their raw materials produced in sawmills from logs that when the lumber market is good, the mills are reluctant to saw Shop lumber is the term used to describe lumber of a different dimension and grade from lumber used for construction. A company engaged in remanufacturing must first persuade the sawmill they deal with to saw shop lumber, then be willing to pay the price. This means the sawmill must also secure the type and species of log necessary to produce shop lumber.

All of these complex problems must be known and full attention given to correct them. What is left over from the maximum sustained yield cut mentioned at the beginning of this statement could be exported and no great damage would come from it.

Senator PACKWOOD. We'll have to stop you, unles you can summarize your statement just very briefly.

Mr. CASSEDAY. We're in support of Senate Bill 1033, but suggest that it be amended. We support Senate Bill 1033, but oppose an amendment to the effect that private companies exporting logs be denied capital gains and timber depletion allowances on all logs exported.

Senator PACKWOOD. This is where they couldn't export logs and be denied capital——

Mr. CASSEDAY. We believe, Senator, that your bill gets to the meat of the problem, and once they are stopped, the logs from going

overseas, and the results and legislation are being put together, to allow the exports of the surplus, which we believe should be done. In fact, we believe that the lumber and sawmills' position in the longshoremen—is compatible. They are trying to save their jobs, we're trying to save ours, and it can be done, because large timber holding companies can be denied capital gains. They can be told that they, the ports, and the longshoremen can get the guarantees that they want. All we have to do is say that the Government said for each and every log you export you export so much lumber, so that can have those guarantees.

[Mr. Casseday's full statement follows:]

STATEMENT AND POSITION OF THE WESTERN COUNCIL, LUMBER, PRODUCTION AND INDUSTRIAL WORKERS AFL-CIO

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Plywood Plants also specialize. Sheathing plants require a different type log than a sanded mill. Some plywood plants extend this selectivity, to some extent, to species.

Remanufacturing is perhaps the most neglected part of this whole problem. Their raw material is produced in sawmills from logs that when the lumber market is good, the mills are reluctant to saw. "Shop Lumber" is the term used to describe lumber of a different dimension and grade from lumber used for construction. A company engaged in remanufacturing must first persuade the sawmill they deal with to saw shop lumber, then be willing to pay the price. This means the sawmill must also secure the type and species of log necessary to produce shop lumber.

All of these complex problems must be known and full attention given to correct them. What is left over from the maximum sustained yield cut mentioned at the beginning of this statement could be exported and no great damage would come from it.

In closing we wish to direct to your attention to a few other factors that should be apparent to all concerned. We believe the high cost of logs does make a major contribution to the high cost of all forest products produced from them. We do not profess to be economists, but it makes sense to us that if a log costs twice as much today as it did yesterday, the products produced from it will have to cost more.

Directing your attention now to the subject of full production: In the lumber industry this is hard to define. A sawmill in full production with a few exceptions, is on two shifts. Three shift operations in sawmills are not generally practical because of the down time to change saws etc. The market is good right now and sawmills can sell anything they can produce. Many sawmills are in full production, yet we have an acute lumber shortage because they cannot get the type, specie and grade of logs they need to produce the products the market wants. You can not get fir lumber out of a hemlock log, and you can not get high grade from a low grade log. A remanufacturer can not get a sawmill to produce shop lumber if the sawmill can not get the logs to saw that type lumber. For these reasons, and others, it is not enough to say there are plently of logs to go around and still have uncontrolled exports. Enough has to mean enough of what you need to produce the market's needs at domestically competitive prices. Presently the exporters take the cream. They pick and choose what they want and get it because they have the dollars to out bid the domestic users at all market places whether it be on the stump or otherwise.

The situation is critical and relief must be given. It should not be a fight between exporters and nonexporters. The problem is not export or not export, but taking care of domestic needs. Once this is done, reasonable and uniform regulations should be established to control exports.

There are those that claim there is no problem. There are enough logs for all. If this is a true and factual statement, then all that is necessary is to rearrange the distribution so that all domestic needs are satisfied and there will still be two and one-half billion feet to export. The priorities are reversed. It should be domestic users first and exporters second, instead of exporters first and domestic users second. Reverse the priorities and there will not be any problem.

For these reasons, and others, we will be happy to explore, at the pleasure of your committee. We support Senate Bill 1033, but propose an amendment to the effect that private companies exporting logs be denied capital gains and timber depletion allowances on all logs exported.

Senator PACKWOOD. Thank you very much.

Mr. Van Curen?

Mr. VAN CUREN. Senator, I am Gale Van Curen. I am a member of the Association of Western Pulp and Paper Workers. It is also known as AWPPW.

Accordingly, it is our desire that the Association of Western Pulp and Paper Workers be placed on record in support of Senate bill 1033, and in support of its statutory ban on the export of softwood logs from the Pacific Northwest States.

The AWPPW is not a Johnny-come-lately to the log export controversy. We have a valid, vital, and long-standing interest in being

here today. We respect the rights of others to assert their economic concerns in this issue. In return, we seek the same courtesy.

The past year has been a grim one for pulp and paper workers of the Pacific Northwest. More than 1,000 AWPPW families in Washington State also have been severed from their livelihood. They have been somewhat fairly cut off by mass curtailments and plant closures. In addition, the wonderful world of automation has been and still is introduced in hundreds of others to the same plight of economic capital punishment. It would impress you if all of these displaced families could be here today to testify for themselves.

There are jobs of production workers involved in capital-intensive industries. The loss of these jobs is particularly significant because of their value-added factors which they add to the raw material, and consequently, to our balance-of-trade payments. No other agricultural product has such enormous potential for value-added improvement.

It is interesting to note that this sort of primary and secondary processing has motivated the AFL-CIO maritime trades department, in a February meeting, to urgently call for a measure to revise American trade policy so as to protect American industry and jobs.

It is the loss of this primary and secondary manufacturing that has led to sharpened reverses in our 1973 balance. Such reverses have forced the administration to review strict interpretations of free trade policies. To slow imports, it has brought about surtax measures. To stimulate exports, it has administered a 10 percent devaluation of the American dollar.

The interest of the AWPPW is not to generate controversy, but rather to urge our neighbors and our government officials to take urgent action to emulate the success stories of West Germany and Japan. We want to urge a return to the velocity of the forties, fifties, and early sixties, when the Pacific Northwest was capitalizing on its enviable heritage of prolific forests, abundant water, economical power, rail lines, and harbors to produce the greatest geographic affluence in the entire Nation.

We want to say once again, not just the growth of production through speedups, but the growth of real jobs in the forests, in the sawmills, in the plywood plants, and pulp, paper-board and converting plants, in construction, on chemicals, in power generation, in maintenance and mill fabrication, and trucking, rail freight, and shipping. This we need.

We can never achieve the success story by exporting our forests. On such a policy, West Germany, Japan, and Canada would long ago have been bankrupted.

Therefore, the real issue before us is not trading off dock jobs, for production jobs or vice versa.

The debt issue before us is producing more jobs for everyone by developing more commerce out of the forests that we are cutting.

Basic economics tell us that we do this by developing capital intensive industries and multiplying the value-added factor to our products.

British Columbia has done very well for her workers by banning export of logs and even placing a tax on all wood ships that are shipped in excess of domestic needs.

Senator PACKWOOD. One more minute.

Mr. VAN CUREN. The total 1971 to 1973 expansion projects for new jobs in California, Oregon, Washington, and Idaho amounted to $87 million. During the same period, the projected expenditures for new jobs in British Columbia was $282 million or nearly 3½ times more than the total by the four listed States of the Pactific Northwest.

It used to impress the public that each pulp and paper job in the industry represented an investment of $25,000. In more recent recapitalization now places capital investment at $40,000 per man job.

Also, the gross of pulp and paper capacity in British Columbia is impressive compared to the total of the same four States for the years 1961 to 1970.

In the first 5 years that's been, those four Northwest States were still attracting large sums of capital and capacity grew by 50 percent at a rate of 10 percent per year. However, a big change occurred about 1966, and the industry sharply reduced investment in those four States. As a result, the capacity increased at an average of only about 3 percent a year during the last half of the 1960's.

We in the Pacific Northwest have really been outdone by our neighbor to the North which has forced industry to invest in the province because of its ban on log and restrictions on wood fiber exports.

Senator PACKWOOD. I'm going to have to stop you. I would like to get in all of the witnesses that are still going to testify, and I want to ask you some questions.

Let me ask you a question from the standpoint of the two unions that you represent. To lay our cards on the table, I'm inclined to look at this matter from a standpoint of total jobs in Oregon and Washington. Longshoremen have testified that if you cut off exports, it's going to hurt them tremendously. You are telling me that because of the exports many of your people will be laid off of work and——

Mr. VAN CUREN. Senator Packwood, I would like to address myself to that in this way: Currently, there are very many longshoremen who are employed in the shipping—in the exports who are exporting finished products overseas. If, eventually, more curtailments are forced, this will continue. Recently, we had in one mill in Everett, 750 men unemployed, and a mill shut down. I have no idea how many men were involved in exporting these finished products, but anybody employed exporting unfinished products, normally an increase in supply equipment and material could keep those industries going.

Senator PACKWOOD. Well, let me ask this. Nobody argues with the fact that if we can be assured of a guarantee of lumber market overseas, that our exports will keep operating and create more jobs, and the longshoremen will have ample jobs, if there is a lumber market, and that's a big if. I don't think——

Mr. VAN CUREN. I don't believe, Senator Packwood, that anybody has ever made a rundown of all the employment that is brought about by producing these jobs into finished products. For example, it would be extremely complex and complicated for a pulp and paper industry to try to computate some sort of figures, which would show many people involved in making chemicals, or how many involved

in trucking, or how many involved in metalworking or manufacturing of this sort in order to support a thousand workers in the pulp and paper mill. It would be virtually impossible, but it certainly is a good idea to show how many people would be unemployed if the ban is put on the exports.

Senator PACKWOOD. Mr. Casseday, any comments?

Mr. CASSEDAY. Senator, I think the Seattle situation is the best example that I can give. Here's a company that's been in the business of buying public timber for 74 years, and on March the 13th, they closed their doors permanently, simply because there was no way they could be assured of a continuing supply of the type of species of timber they needed. 200 jobs are gone. Furthermore, I don't have any hard figures to substantiate this, but I do have 38 years of experience in the lumber industry to support it, and I believe that with an adequate supply of the type of logs that the—the grade of logs and the species of logs that the sawmills and the plywood industry and the manufacturing industry consequently needed, that products could be increased and on a raw basis, by at least 25 percent by virtue of more night shifts. It's not practical for a sawmill to put on a third shift because it takes time to change saws, and put in this kind of a market. I'm thinking in terms of about 20 sawmills in the Puget Sound area in western Washington that are not running second shifts now but would be if they could have a guarantee supply of logs. There are just not enough logs. In this kind of a market, they can sell anything they can make out of a log, so they take anything they can get, but this is not the long-haul situation. A sawmill not only has to have Douglas fir when he needs Douglas fir, and not hemlock, but he needs to have the grade and the correct size, the type, old growth, the second growth, depending on what his particular operation is geared to.

Now, this is really important. It just seems to me if we all can be objective we can all have our cake and eat it on this thing.

Senator PACKWOOD. It isn't a question of unavailability of the logs. They are there, but they are going to export?

Mr. VAN CUREN. That's correct. There's plenty of logs, but they require an old-growth log, and it's all going into export.

Senator PACKWOOD. OK; I have no further questions. We'll break now and come back at 2 o'clock.

[Mr. Van Curen's complete statement follows:]

STATEMENT OF HUGH D. BANNISTER, PRESIDENT, ASSOCIATION OF WESTERN PULP AND PAPER WORKERS, PREPARED AND SUBMITTED BY GALE R. VAN CUREN, RANK-AND-FILE MEMBER

Mr. Chairman: My name is Gale R. Van Curen. I am a member of the Association of Western Pulp and Paper Workers, also known as the *AWPPW*.

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of automation has been and still is introducing hundreds of others to the same plight of economic capital punishment. It would impress you if all of these displaced families could be here today to testify for themselves.

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It is interesting to note that this sort of primary and secondary processing has motivated the AFL-CIO Maritime Trades Department, in a February meeting, to urgently call for a measure to revise American trade policy so as to protect American industry and jobs.

It is the loss of this sort of primary and secondary manufacturing that has led to shocking reverses in our 1971 trade balance. Such reverses have forced the Administration to review strict interpretations of "free trade" policies. To slow imports, it has brought about surtax measures. To stimulate exports, it has administered a 10 percent devaluation of the American dollar.

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The total 1971 to 1973 expansion projects for new jobs in California, Oregon, Washington and Idaho amounted to $87 million. During the same period, the projected expenditures for new jobs in British Columbia was $282 million or nearly three and one-half times more than the total by the four listed states of the Pacific Northwest.

It used to impress the public that each pulp and paper job in the industry represented an investment of $25,000. A more recent recapitulation now places capital investment at $40,000 per man job. Even more recently, a new expansion at Loganview, Washington, projects to add 150 new jobs at about $200,000 per each man job. Also, the growth of pulp and paper capacity in British Columbia is impressive compared to the total of the same four states for the years 1961 to 1970.

This is a measure of value-added in world commerce.

In the first five years of that span, those four Northwest states were still attracting large sums of capital and capacity grew by 50% at a rate of 10% per year. However, a big change occurred about 1966 and industry sharply reduced investments in those four states. As a result, capacity increased at an average of only about 3% a year during the last half of the 1960's.

The year 1971 was not unusual for British Columbia when pulp and paper production capacity rose by 14% in just one year.

Although I cite the growth of pulp and paper jobs in British Columbia, one ought not ignore that these are often integrated expansions involving other wood manufacturing operations.

We in the Pacific Northwest have rea[illegible]en outdone by our neighbor to the

North which has forced industry to invest in the Province because of its ban on log and restrictions on wood fiber exports.

The Jones Act used to get the blame for driving industry away and to the North of us. As prices had skyrocketed quite some time ago, this old argument has become basically invalid.

Opponents of log export curtailments who rest on their so-called "free trade" ideals, are living in a myth.

Our Japanese manufacturing competitors are cartelized, and are increasingly collaborating with American-based multi-national conglomerates. They now have had nearly one decade to exploit foreign investment tax advantages provided by our government at the expense of our forests.

This is not "free trade" but discrimination against the American job-holder. We see the result in our deplorable trade imbalance. We see the result in the over-cut of American forests.

If allowed to continue, this discrimination will further weaken the American dollar. We all will suffer more severe results in a few years when we shall be forced to reduce the harvest of our forests by 50% to allow regrowth. This will come at a time when national and world demand for forest products has reached an all-time high.

It is important that we begin to capitalize more on the value-added factor to our forest products.

An insight to these value-added advantages is apparent in recognized statistics. In one year, 1966, for example, our Oregon and Washington pulp and paper industry consumed $162 million of wood fibers and produced products valued at $939 million. A value-added improvement factor of 6 to 1.

The Association of Western Pulp and Paper Workers urges immediate action to get the Pacific Northwest back in the mainstream of industrial activity. We believe a ban on log shipments is in the best interests of America and of American workers.

NOTES OF INTEREST GLEANED FROM "MARPLE'S BUSINESS ROUNDUP"

$10,000 invested in Weyerhaeuser in 1967 would have grown to a holding of $25,000 in 1971.

WeyCo announced shutdown at Everett in May 31, 1973 will cost 330 jobs. At 300 tons/day, mill earned $1 million pre-tax last year. Production will shift to big new mill at New Bern, N.C.

Simpson-Lee shutdown at Everett will cost 750 jobs. Production will go to larger mills with labor-saving devices at Vicksburg Mich, and Ripon, Calif.

Current employment in Everett-Snohomish County is 59,400 on wage and salary with 18,600 in manufacturing of which 6,300 at Boeing, 4200 in logging, lumber & plywood, and 3000 in pulp and paper.

Phasing out continues of old saw mills. Latest is the one at Westport, on the Columbia which produced 46 million bd/ft last yr.

Employment in forest industries in Oregon, Idaho, Washington, and Montana is near 500,000. In Washington 29% of all manufacturing jobs are in forest industries.

Export of logs last year totalled $281 million receipts.

The pulp-paper industry of Washington-Oregon uses 75% raw materials from chips and sawdust as by-products of lumber and plywood. . . . yet turned out pulp & paper products worth more than $1 billion in 1970, making it the leading dollar earner in forest products.

Value of logs exported at $281 million, wood chips at $36 million, lumber at $990 million, plywood at $620 million, were topped by pulp & paper at $1.081 billion.

Use of chips and sawdust waste in the Northwest has risen in the last ten years from 49% to 74%.

The value of chips used last year in pulp and paper was $159 million more than the earnings from lumber and plywood.

Over a year ago, George Weyerhaeuser had made the statement that there was going to be several more mill closures.

The investment necessary for each new pulp and paper mill employee now stands at $36,400.

Unemployment in Washington State is so high that the unemployment reserve fund of $343 million of late 1969 will be exhausted by this spring! To provide financing for the unemployed the State of Washington will have to borrow from the Federal Government.

by Gale Van Curen

THE GREAT TREE ROBBERY: ALIAS, THE JOBS-AWAY PROGRAM

(Report to the joint Southern Washington-Northern Washington-Alaska Area Councils of the Association of Western Pulp and Paper Workers by Gale Van Curen, March 2, 1972)

The once healthy and booming Washington State forest products industry is now sick, sick, sick!

The recent industry announcements to annihilate some 10% of the remaining pulp and paper jobs in Washington State is a catastrophic prophecy come true. It's a harbinger of pending disaster. It is the death penalty by slow economic strangulation.

The game-plan is a simple as salt. The major forest-owning corporations of Washington State are no longer making capital investments in this state for new production facilities because it has become more profitable to them to export the wood fibers in the form of logs, woodchips and sawdust. Corporations that lack forest holdings in the state are not making any new investments either because exporters have monopolized all of the economical sources of logs and wood chips.

As a result, new forest product industries avoid Washington State as though it were a leper colony.

It is not difficult to document this implacable trend whereby the Northwest in general, and Washington State in particular are deserving of the moniker, "Asiatic Tree Farm of the Pacific Northwest".

First, it ought to be recognized that Washington is a prime state for location of industries producing a chain of wood products from the tree to lumber and plywood, to pulp and paper from the wastes, which in toto, support an array of industries involving chemicals, hardware, machinery, and services.

Washington State contains twenty-one percent of all the commercial forest land in the eight Western states of the Pacific Region. Few states, provinces, or foreign countries can boast of such other well-balanced advantages as cheap hydroelectric power, abundant water, deep-water ports, as well as convenient railroad links, and a highly skilled labor force.

Second, the documentation of Washington's decline in its ranking as a major producer of forest products would need to show that its natural advantages and resources are being repudiated. This fact can best be shown by some contrasts of capital investments for production purposes, here and elsewhere.

A quick review of the two-year outlook of dollar investments for expansions by pulp and paper manufacturers leaves Washington humiliated by other states and provinces of North America in the following ratios: Arizona 5–1, Maine 5–1, Virginia 5½–1, Florida 6–1, Arkansas 6½–1, Georgia 7–1, New York 8–1, Alaska 8½–1, Oklahoma 9–1, Alabama 10–1, Ontario 11–1, Manitoba 13–1, Quebec 19–1, British Columbia 25–1, and Newfoundland 27–1.

Even more discouraging is that the projected investments planned for Washington do not include a single new piece of major production machinery. . . . not one new machine, not one new digester. Indeed, quite the opposite is true. The investments will feature a great deal of new automatic equipment which will not create new jobs; but instead actually eliminate existing jobs!

Nor is there anything new in the pattern that the Evergreen State will benefit by only one one-hundreth of the $1.1 billion to be spent on new pulp and paper facilities in the United States during the next two years.

During the past two years, the nation gained some 27 new mills, 42 new paper machines, and 19 new digesters, of which Washington State received absolutely nothing!

Third, the inevitable demise of Washington State as a major pulp and paper state is obviously the penalty it is being forced to pay as the price for the run-away export of logs, chips, and sawdust to foreign nations.

Northwest log shipments are poised on a springboard of something over two billion board feet annually. The pace of wood chip and sawdust exports has mushroomed even faster. Fleets of enormous specially-designed hulls are plowing the ocean year-around hauling Northwest wood fibers and jobs to foreign lands.

Sadly enough, there presently is nothing in sight to deter this cancerous growth in the export of American jobs, and the consequent decay of the Pacific Northwest forest product industries.

A good look at growth in those statistics ought to convince even the most sentimental free-trade-philosophy idealist that the perspective is not free-trade,

at all. The absolute omission of fair and equal opportunities has placed a highly discriminatory burden upon the shoulders of Washington State workers and taxpayers.

The export of raw materials and the Jobs-Away Program may be truly great for the multi-national corporation profit sheets, but how can it possibly be best for America and Americans? Or Washington, and Washingtonians?

This did not come about by the evolution of economical circumstances. This has been made possible only by political ignorance, indifference, and short-sightedness on the part of government.

There can be little quarrel with the right of these American-based conglomerate governments to exercise their Constitutional right to strip and clear-cut their private forests for the fast buck; but it is immoral, unethical, and un-American that the governments of Washington State and the United States would tacitly aid and abet the pillage of public lands at the gross sacrifice of a chain of job-industries in wood products.

The burden falls squarely on the shoulders of the administration and legislature of Washington State, and on the administration and congress of the United States. They are the only authorities with power to provide remedies.

We might facetiously suggest an alternate remedy. They might authorize some foreign state to annex the state of Washington. Perhaps then, we could qualify as an underdeveloped nation to receive some of the $2.3 billion authorized in Foreign Aid.

Seriously, the remedy which must be sought is a Jobs Now, America First, public-wood-fiber-policy on all state and national public-owned timber. Perhaps, something patterned after the policy which is employed so effectively in British Columbia.

It is a futile to pursue the troublesome limitation-on-log-exports kind of a stall that we have seen in the past. We need a continuous on-going, fully monitored program to produce a maximum number of jobs in the entire chain of forest products.

"Doubting Thomases" ought to study how effectively it is being employed to the North of us in British Columbia. During the next two years, despite the present recessive market, they will have attracted $298 million worth of capital investments in pulp and paper production equipment, as compared to $11 million for Washington State—that is $298 million to $11 million.

Facing one of the highest unemployment ratios in the entire nation, Washington desperately needs a job-creating shot-in-the-arm.

As pulp and paper workers stand at the crossroads, we can only hope that our federal and state governments will soon begin to act. Inaction on their part will mean that more and more Washington pulp and paper workers will be forced down the road of attrition, behind the tens of thousands of displaced lumber, sawmill, and plywood workers who have lost their livlihoods in the past six years.

Economists tell us that each dollar of processed wood fibers returns six to seven times as much value to the state and country. The combination of excessive unemployment in Washington State, the governor's concern over means to raise more capital funds, the alarming deficit in balance-of-payments, and the president's expressed concern to improve our trade balance, ought to provide a vigorous motivation to recognize and remedy this sorry situation.

As a detent to the shrill accusations that every pulp and paper mill is befouling the land, air, and water beyond reclamation, it has become a vital concern to our livelihood that compliance schedules be tempered with common sense and practical reality. It makes no sense to have some states and regions rushing pell-mell on stringent requirements to the economic advantage of other states and regions. Nor is it prudent to let pulp and paper industrialists misuse the ardent enthusiasm of environmentalists as an excuse to invoke an economic decision on mill closures.

We recognize that there is pollution wherever there is industry, and we recognize that pollution abatement costs money. Also, we want others to recognise that hundres of families are affected in a highly depressed labor market. This poses the spectre of losing homes, possessions, and of more broken families. They need to buy time. Any they justly deserve to have all decisions made on the basis of honest merit and fair judgment, rather than emotionalism and deceit.

Long-range solutions can come only from a dramatic change in policy regarding forest raw materials.

Congress has employed a limitation on the export of logs harvested from national forests. If this policy has had any effect, it is unnoticeable by the measurement of attracting new capital-intensive industries. It is unnoticeable as a decline or leveling of shipments of wood fibers to foreign nations.

The annual harvest of state-owned trees in Washington amounts to approximately 600 million board feet. Initiative 82 which would have limited the export of these state logs was narrowly defeated by the people. Its detractors were a coalition of educators, wheat farmers, airplane builders, and big forest holders.

If Initiative 82 would have been ineffective, as charged, the absence of it has been devastating to the state's economy by the same failure to attract more capital-intensive industries.

Clearly, something new needs to be instituted. There are two possibilities which look promising. Both of them would require primary and secondary processing withing the state or region where harvested. Both of them would be based on providing incentives to attract capital-intensive expenditures within the region.

The first proposal is a "bid system" on state timber or federal timber. The bid would provide "bonus points" whenever the bidder could guarantee that the timber would receive primary and secondary processing within that state or region.

The qualification for "bonus points" would be based on an increase in the primary and secondary volume of production by that manufacturer. More "bonus points" would be permitted when the bidder could guarantee an increase in both primary and secondary, as compared to just single processing.

The second proposal would be based on the "award system". This would be offered also, on an open bid, but would be on a long-term, volume offering of a sufficient amount of forest raw material to sustain an integrated complex.

The "award system proposal may have a good deal of appeal to competitive pulp and paper industries who have been unable to get a foothold on the West Coast because of monopolization.

The proposals for both systems would insure that the annual harvest of trees would continue on a sustained yield basis. The number of jobs in logging, trucking, and shipping would be scarcely noticeable. The shipping should begin to see some increase as more and more finished products found overseas markets.

The logging, hauling, chipping, and shipping of timber from private lands would not be affected in any way. In cases where exporters could outbid the bidder with "bonus points, he would harvest and market the timber in his customary fashion.

Many of the "bugs that might appear in the system could be anticipated by a comprehensive study of the bidding and award methods used in British Columbia, and the proposal under consideration in Alaska.

There will be those who will josh at the visioned benefits that such a wood fiber policy system might offer. However, it is difficult to argue with success; and the successful story of the states and provinces that gain tens of millions of dollars by processing their own forests into finished products, makes the kind of a success story that is badly needed in the Evergreen State.

The state-by-state comparisons are so convincing that it is no longer a question of whether we should or should not do it.

Washington State and the Pacific Region contain an enormous amount of public-owned timber. Enough to attract tens of millions of dollars of capital for the expansion of forest product industries.

It is no longer a question of whether we should proceed with an American-First policy on our public-owned timber. It has now resolved itself to a determination of timing. When are we going to get moving in this drecton? The time is now!

[Whereupon a recess was taken.]

Senator PACKWOOD. Okay. Are we ready to go? It's 2 o'clock. Bert Cole is first on the list, and I see him coming down the aisle.

STATEMENT BY HON. DANIEL J. EVANS, GOVERNOR OF THE STATE OF WASHINGTON, AS DELIVERED BY BERT COLE, COMMISSIONER OF PUBLIC LANDS, DEPARTMENT OF NATURAL RESOURCES OF THE STATE OF WASHINGTON

Mr. COLE. Senator Packwood, I'm appearing in behalf of Governor Evans, who would like to have been here this afternoon, but our legislature is having extended sessions, and I was with him just before I came down. He planted a Port Orford tree in honor of Ann Arbor Day on the campus. I would like to read his statement.

As governor of the State of Washington, I am very concerned with the forest industry of my State. It is generally a healthy industry that has been able to grow, change and respond to pressure and competition without the current threatened restrictions. As a result we have had a greater increase in total production and employment than any other State in the northwest. Since 1961 log exports have been a basic part of the industry. They have supplied needed jobs during declines and product demand and other phases of the wood industry during 1967, 1970, and 1971. When Washington was reeling under the impact of a reduction in aerospace and domestic product demand decline, longshoring, logging, and associated export activities supplied much-needed employment.

The idea of foreign trade restrictions greatly concerns me. Presently, one job in ten in Washington State is associated with foreign trade. If we're willing to seriously consider restricting the export of one of our products (logs), this may set a precedent for similar action on other export commodities. This may have a damaging impact on future export sale of our aircraft, grain, other agricultural commodities, specially biomedical equipment, light and medium machinery and such. Their net effect gave Washington State a $433 million positive balance of trade in 1972.

Senator PACKWOOD. Mr. Cole, just a quick interjection. You are aware of eliminating exports of a number of commodities from time to time?

Mr. COLE. Yes. It's rare.

Senator PACKWOOD. It's rare, but normally short supply—

Mr. COLE. Well, we had a bad experience on the walnut logs, and it didn't work out too well. Most of our restrictions have been temporary and not of a permanent nature.

Present threats of embargo seem to be creating an additional artificial demand. Foreign interests know that wood under contract is more available to them than our future planned sales. When the issue is further complicated by our yet unquantified but increasing restriction of additional environmental protection, speculation and uncertainty grows still more, and a solution seems even more elusive. There does not seem to be a simple solution. That includes the proposed simple solution of restriction of softwood log exports. I am not in favor of an embargo on logs, plywood or lumber.

When I take this stand against the trade restrictions on log exports, I recognize that the greatest direct impact of log export is in the State of Washington. Some 68 percent of the total 3.1 billion board feet of U.S. log export comes from Washington State.

Senator, you've heard two different views on this export, the Pacific coast and the Nation, and the governor here is, apparently, using the national figures. Washington State, 68 percent; Oregon State 17 percent; northern California 3 percent; other United States of America (10 percent eastern United States; 2 percent Alaska) 12 percent.

The interest in log exports without putting proportional effort and interest on other factors resulting in today's prices would seem to be unjustified. The National Homebuilders Association has attributed about 15 percent of the increase in housing cost to the increased price of lumber. Log exports on the other hand represent less than 4 percent of the total national roundwood consumption. There was little or no concern during 1969 to 1971 when the highest interest rate contributed to low housing starts, and reduced log and lumber prices. This resulted in reduced mill employment and production. Log exports kept the wood products industry healthy in this period so that it could respond as well as it has to today's needs.

As a subcommittee on international finance you are probably well aware of the many other demands and supply factors affecting the production and price of lumber and wood products. However, for the record, I would like to have them again considered: examples of demand factors which are also important contributors to high prices for lumber and wood building materials are: A, a return to relatively low interest rates. B, a readily available supply of money for homebuilding. C, deferred home-building activity during the recent economic recession. D, continued population growth, especially in the new home buying age group. E, Federal housing programs. F, continued increases in personal income.

Supply factors which have contributed to higher prices include: G, restrictive price guidelines in the recent past which forced mills to limit lumber and plywood production to avoid operating losses. This resulted in low production to meet the high demand. H, increasing environmental restraints in terms of limitations on timber production: (1) Environmental impact statements, (2) air pollution standards, (3) water quality standards, (4) increased road building costs of as much as 130 per cent in the last five years. (i) Federal allowable cuts policies. (1) Inability to fully respond to intensive forest management practices, (2) inability to respond to increased demand with increased supply is indicated by high prices, (3) sales in Federal lands in Washington have fallen 540 million board feet behind the allowable cut for the period of 1968 through 1972. (J) Wilderness withdrawals, (i.i.) alpine lakes, north Cascades, Glacier Peak and numerous study areas. (K) lack of funding for national forest management; (1) inability to commit to long-term programs, (2) cannot staff to produce adequate harvest.

The attached graph of stumpage prices for timber sold by our State of Washington Department of Natural Resources gives further direct support that the current strong stumpage prices, like the short-term peak in 1969, occurred during only a small time period of the history of log exports. It is apparent to me that some unique combination of factors other than log export have contributed to the situation that currently exists. It is also quite obvious that the gen-

eral trend of prices is not out of line, and in fact is at the level where sound forestry can be conducted as a responsible business.

As an example, I point to the tremendous increase (one-third) in long-term sustainable timber supply that the Washington State Department of Natural Resources has been able to achieve in the management of State-owned lands. Programs of progressive intensive forestry have been carried out as a result of increased prices, earmarked forestry investment funds, and a commitment to long-term intensive forestry programs. Substantial results could be achieved on national forest lands through efforts.

It's unfortunate that restrictions on log exports are so tempting. We see the logs being shipped out and our natural tendency is to just simply stop exporting. However, that cannot be done successfully. Any of the several degrees of restrictions, ranging from stopping the export of only Federal timber to a total embargo on the export of wood products, would further aggrevate our domestic situation. We are all dependent on the same world supply of wood, in fact, the raw supply of goods and services.

If we are going to export less, then we must also be prepared to import less. How many of us are now enjoying the benefits of imported electronics, cameras, watches, cars, and other items. Logs are an important part of our barter; we certainly cannot say that they are being stolen from us.

In summary then, I can appreciate your concern of this complex issue, but I do not believe that trade restrictions are the answer. I am not in favor of restrictions on soft wood log exports.

Senator PACKWOOD. Bert, let me ask you one specific question on facts, and a couple on philosophy. On page three of your statement, you say sales on Federal lands in Washington have 540 million board feet behind the allowable cut for the period 1968 through 1972. Now, the figures I've got are from the Forest Service on allowable cut and sales. You may be talking about other Federal lands other than the Forest Service, but in every year, from 1968 to 1972, with the exception of 1969, the sales have been substantially above the allowable cut, 106 percent in 1968, 95 in 1969, 121 in 1970, and 108 in 1971, and 100.6 in 1972. I'm curious about your statement where this difference comes from.

Mr. COLE. Are you talking about the State of Washington?

Senator PACKWOOD. Well, I'm talking about region six.

Mr. COLE. I'm talking about the State of Washington.

Senator PACKWOOD. I understand that.

Mr. COLE. And region six——

Senator PACKWOOD. What you are telling me then, Bert, the Forest Service is even actually much further ahead of their percentages of allowable cut to sales in Oregon and way behind in Washington in order to come out with that kind of percentages.

Mr. COLE. I'm not sure the figures that I have seen from our research group indicated that the sustainable harvest from the State of Washington has not been met by the U.S. Forest Service.

Senator PACKWOOD. Well, again, I wouldn't quarrel with the Governor, but the figure I have is about 108 percent of the allowable cut on sales for region six, 107.5 percent on harvest, and the Chief of

the Forest Service, John McGuire said that they could be higher, but in their testimony in Washington you have——

Mr. COLE. Well, there seems to be conflicting information relative to what the Forest Service is doing. I do not know that they have not been given the funds as we have been given on a continued basis. They have to depend upon Congress annually for a budget, and the budget, even though——

Senator PACKWOOD. Fellows, will you hold it down in back, please?

A VOICE. We can't hear you.

Senator PACKWOOD. Fine. If you come up here, you can hear Mr. Cole real well. Mr. Cole, go ahead.

Mr. COLE. As you well know, the administration has also withheld some of the Forest Service funds, and the Forest Service hasn't had the luxury of having a management fund like I have had in the State of Washington to meet our sustainable harvest, and do our intensive forestry practice, whereby we can do this over a period of years. If you are going to cut trees on a sustainable basis that means you must immediately have—you must immediately, after your harvest, plant trees, new trees, and this takes money, and they haven't had the money to do some of these things. So, I suppose with the restrictions they've had they are doing a fairly good job, but I sort of castigate our Congress or our Federal Government for not finding some way—if the State of Washington could find some way to practice good forestry operations on 2 million acres, it looks like the Federal Government ought to be able to do that through our Forest Service.

Senator PACKWOOD. Bert, what would be the effect on Washington's economy in general if we had a reasonable guarantee of a lumber market overseas, and instead of shipping logs, we were to prohibit the exportation of logs?

Mr. COLE. Well, I would be hard put to answer that. I would be the first to say that we ought to try to maximize the trees and the logs into as many end products, get as much as we could out of it, but we can't do that. We haven't been able to do that, because of the peaks and valleys in the demand for our forest supply products. You are well aware of 1969, and you know what's happening now. We went through two of these, and then we dropped way down. Already the peak has been reached in log prices. Our draft is going down this month, this past month. So, with that uncertainty, I would doubt that many people who are investing in plant capacity would make that long-term investment until the Federal Government some way—or until some way is worked out to more equalize the demand for lumber and then they would make the investment. So, to answer your question about jobs, we feel that the current situation maximizes the job opportunities by being able to export the logs, and make plywood and pulp and lumber in our State as it is now. Certainly, it's going to change. We hope it will change for the better, but this is a long-term change. It isn't 6 months or a year. It's 3 or 4 years.

Senator PACKWOOD. Bert, thank you. I have no other questions. As usual, you are a very able witness, and I appreciate your coming down.

Mr. COLE. I am listed, Senator, to be a witness for myself.

This is the Governor's personal statement, and it will appear in the record in its entirety. He wanted me to give you his regards.

[The complete statement of Mr. Cole follows:]

STATEMENT ON BEHALF OF GOVERNOR EVANS BY BERT L. COLE, COMMISSIONER OF PUBLIC LANDS, STATE OF WASHINGTON

As governor of the State of Washington, I am very concerned with the forest industry of my state. It is generally a healthy industry that has been able to grow, change and respond to pressure and competition without the current threatened restrictions. As a result we have had a greater increase in total production and employment than any other state in the Northwest. Since 1961 log exports have been a basic part of the industry. They have supplied needed jobs during declines in product demand in other phases of the wood industry during 1967, 1970 and 1971. When Washington was reeling under the impact of a reduction in aero space and domestic product demand decline, longshoring, logging and associated export activities supplied much-needed employment.

The idea of *foreign trade restrictions greatly concerns me.* Presently, one job in ten in Washington State is associated with foreign trade. If were willing to seriously consider restricting the export of one of our products (logs), this may set a precedent for similar action on other export commodities. This may have a damaging impact on future export sale of our aircraft, grain, other agricultural commodities, special bio-medical equipment, light and medium machinery and such. Ther net effect gave Washington State a $433 million positive balance of trade in 1972.

Present threats of embargo seem to be creating an additional artificial demand. Foreign interests know that wood under contract is more available to them than are future planned sales. When the issue is further complicated by our yet unquantified but increasing restriction of additional environmental protection, speculation and uncertainty grows still more, and a solution seems even more elusive. There does not seem to be a simple solution. That includes the proposed "simple solution of restriction of softwood log exports. *I am not in favor of an embargo on logs, plywood or lumber.*

When I take this stand against the trade restrictions on log exports I recognize that the greatest direct impact of log export is in the State of Washington. Some 68% of the total 3.1 billion board feet of U.S. log export comes from Washington State.

Source of 1972 Log Exports:	*Percent as of March 1973*
Washington State	68
Oregon State	17
Northern California	3
Other U.S.A. (10 percent Eastern United States; 2 percent Alaska)	12

The interest in log exports without putting proportional effort and interest on other factors resulting in todays prices would seem to be unjustified. The National Homebuilders Association has attributed about 15% of the increase in housing cost to the increased price of lumber. Log exports on the other hand represent less than 4 percent of the total national round-wood consumption. There was little or no concern during 1969 to 1971 when the high interest rates contributed to low housing starts and reduced log and lumber prices. This resulted in reduced mill employment and production. Log exports kept the wood products industry healthy in this period so that it could respond as well as it has to todays needs.

As a Subcommittee on International Finance you are probably aware of the many other demand and supply factors affecting the production and price of

lumber and wood products. However, for the record I would like to have them again considered:

Examples of *demand factors* which are also important contributors to high prices for lumber and wood building materials are:

A. A return to relatively low interest rates.

B. A readily available supply of money for home building.

C. Deferred home building activity during the recent economic recession.

D. Continued population growth, especially in the new home-buying age group.

E. Federal housing programs.

F. Continued increases in personal income.

Supply factors which have contributed to higher prices include:

G. Restrictive price guidlines in the recent past which forced mills to limit lumber and plywood production to avoid operating losses. This resulted in low production to meet the high demand.

H. Increasing environmental restraints in terms of limitations on timber production.

1. Environmental impact statements.
2. Air pollution standards.
3. Water quality standards.
4. Increased road building costs of as much as 130% in the last 5 years.

I. Federal allowable cuts policies.

1. Inability to fully respond to intensive forest management practices.
2. Inability to respond to increased demand with increased supply as indicated by high prices.
3. Sales on Federal lands in Washington have fallen 540 million board feet behind the allowable cut for the period 1968 through 1972.

J. Wilderness withdrawal, i.e., Alpine Lakes, North Cascades, Glacier Peak and numerous "study" areas.

K. Lack of funding for National Forest Management.

1. Inability to commit to long-term programs.
2. Cannot staff to produce adequate harvest.

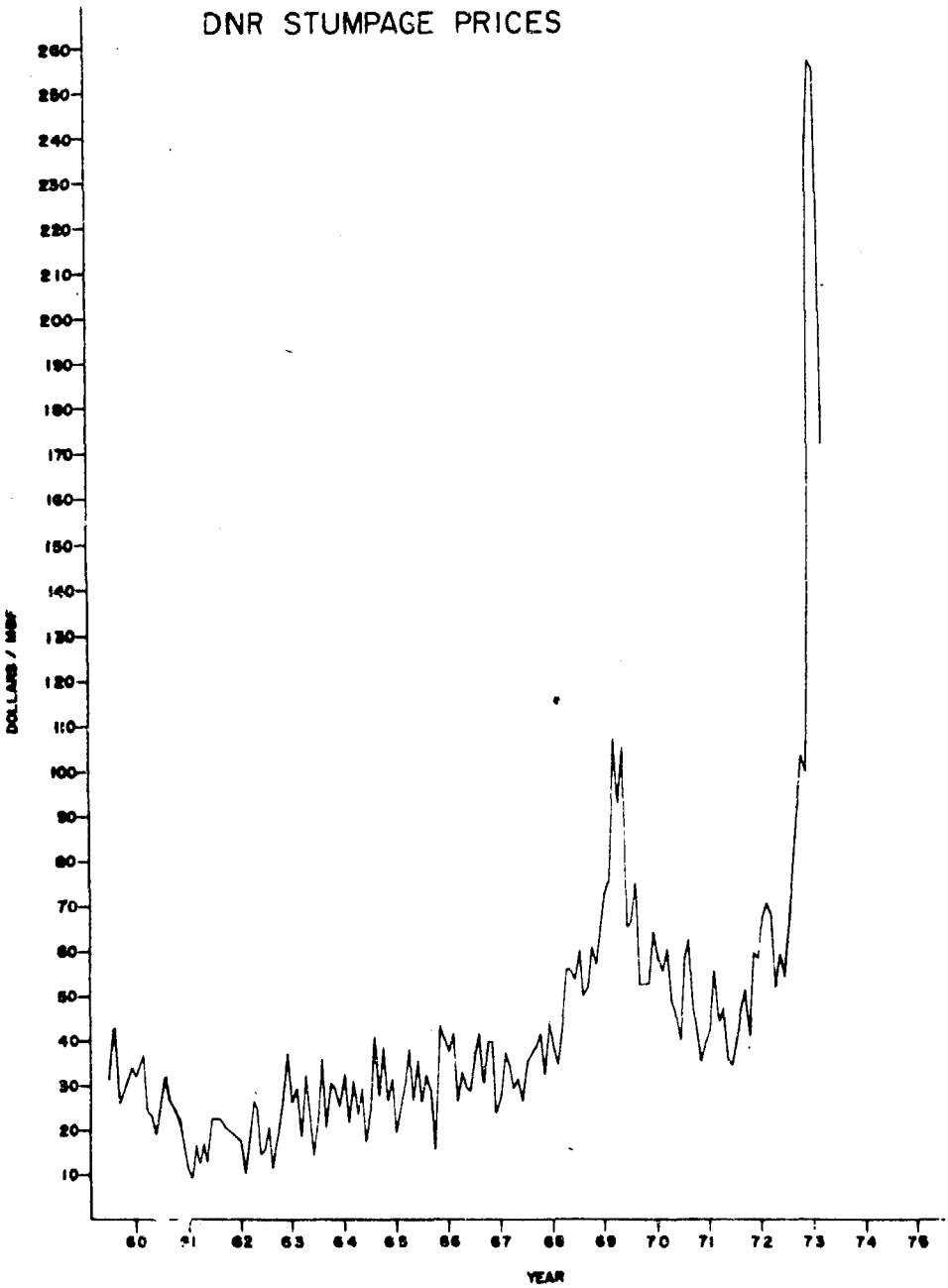
The attached graph of stumpage prices for timber sold by our State of Washington Department of Natural Resources gives further direct support that the current strong stumpage prices, like the short-term peak in 1969, occurred during only a small time period of the history of log exports. It is apparent to me that some unique combination of factors other than log export have contributed to the situation that currently exists. It is also quite obvious that the general trend of prices is not out of line—and in fact is at the level where sound forestry can be conducted as a responsible business.

As an example I point to the tremendous increase (⅓) in long-term sustainable timber supply that the Washington State Department of Natural Resources has been able to achieve in the management of state-owned lands. Programs of progressive intensive forestry have been carried out as the result of increased prices, earmarked forestry investment funds and a commitment to long-term intensive forestry programs. Substantial results could be achieved on National Forest Lands through similar efforts.

It's unfortunate that restrictions on log exports are so tempting. We see the logs being shipped out and our natural tendency is to just simply stop the exporting. However, that cannot be done successfully. Any of the several degrees of restrictions, ranging from stopping the export of only Federal timber to a total embargo on the export of wood products, would further aggravate our domestic situation. We are all dependent on the same world supply of wood—in fact the same world supply of goods and services.

If we are going to export less, then we must also be prepared to import less. How many of us are now enjoying the benefits of imported electronics, cameras, watches, cars and other items. Logs are an important part of our barter —we certainly cannot say they are being stolen from us.

In summary then, I can appreciate your concern over this complex issue but I do not believe that trade restrictions are the answer. I am not in favor of restrictions on softwood log exports.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STATEMENTS BY BOB ROGERS, PRESIDENT, HOMEBUILDERS ASSOCIATION OF METROPOLITAN PORTLAND, OREG.; AND HAROLD MAYHEW, FOREST PRODUCTS ANALYST, HERRON NORTHWEST, PORTLAND, OREG.; ACCOMPANIED BY JACK MAHAFFY, REGIONAL VICE PRESIDENT, NATIONAL ASSOCIATION OF HOMEBUILDERS

Senator PACKWOOD. Thank you very much.

We'll go on now with Mr. Mahaffy, Mr. Mayhew and Mr. Rogers. Are they here? After them we'll be taking Mr. Scott from the IWA, if he's here, when these gentlemen are finished. Gentlemen, each member of the panel is entitled to 5 minutes, so you can divide it up as you want.

Mr. ROGERS. Senator Packwood, I am Bob Rogers. I'm president of the Homebuilders Association of Metropolitan Portland for the Packwood hearing. On my left is Harold Mayhew, forest products analyst; on my right is Jack Mahaffy, past president and vice-president of the National Association of Home Builders.

There has been a great deal of publicity given to the skyrocketing cost of lumber, especially in the last 2½ months. On our own particular townhouse tract the lumber products have risen $2,435 per unit in 1 year's time. I should also like to refer you to an article appearing in the Oregon Journal of April 2, 1973. The headline is entitled "Portland Area Housing Costs Run Wild," and I would like to quote, "The cost of a single family home is outrunning the average family's ability to pay. According to a statistic derived from the Federal census and FHA guidelines, 93 percent of the Oregon's families would have qualified financially for the cheapest new house on the Portland area market in 1969. Today it is estimated that the figure is down to 60 percent. Also, we would like to submit in evidence an article in the Capital Journal, March 26, 1973, entitled "Home Ownership" may become a thing of the past.

Now, gentlemen, either we have to adjust ourselves to the high costs and solve them in a hurry, or our country will be looking down the barrel of the greatest subsidized housing program ever imagined. As far as we can see, that is the only way we could ever come close to the housing goals established by Congress in 1968; and I hardly believe that Congress had such a program in mind when they established these goals.

In late January and early February of this year our Homebuilders Association formed a factfinding committee to determine just why lumber was so hard to get. Actually with some items not being obtainable at all. And why the prices on what was available should be rising at a rate of 7 percent a week. Reports that we received told us that some mills supplying our area were not taking any orders since they were producing Japanese squares for export. Others had sold out their log supply and were completely off the market. Most, however, simply did not have adequate supply of logs to sustain the kind of production that had been normal in the past. At this same time those profiting by log exports were saying that it was the high demand for lumber that was causing the shortage and resulting in

high prices. Statistics prove, however, that the national housing starts were not greater; in fact, in this area they were less than they were last year at this time. Yet the price of lumber products was up to 42 percent. Lumber prices are controlled by supply and demand, if the price is up while the demand remains constant, then obviously your supply must be down. But this was no news to any of us who tried to buy lumber and plywood during the last 2 months. The question was why was the supply down? This was the best logging winter, from a weather standpoint, that we've had for some time. Many more areas normally closed during this time were opened for logging. We believe the answer to this supply problem lies in the fact that 46 percent more logs left the country for Japan in January of 1973 than in January of 1972. In February of this year 1 out of 64 percent more logs left for Japan than in February of last year. From this we have come to the conclusion that the current price of lumber is directly related and caused by this tremendous increase in log exports.

The arguments that the proponents of the log exports used are based on the supposition that all the mills are operating at peak capacity. Not knowing for sure whether this was fact or fiction, our association sponsored a survey which was conducted by Mr. Harold Mayhew who is a forest research analyst. Mr. Mayhew certainly has the credentials for such an undertaking, since he spent many years as lumber editor of Crows Digest, a weekly lumber price reporting magazine. I should like to have Mr. Mayhew report to you at this time about his survey, after which I should like to conclude my statement.

[Mr. Rogers requested that the following be inserted in the record:]

[From the Salem Capital Journal, March 26, 1973]

HOME OWNERSHIP MAY BECOME THING OF THE PAST

WASHINGTON (AP)—The price for a home of your own is accelerating at a rate which threatens to leave much of middle-class America paying rent permanently.

Millions of families living on below-average incomes already cannot afford houses. New houses under $12,500 virtually disappeared for national census figures in 1970 and under-$15,000 houses will join them soon. The $20,000-and-under houses, which accounted for nearly half of new houses a decade ago, now represent less than 10 per cent.

The causes for surging prices vary—easier money, higher labor costs, dwindling available land, bans on sewer hookups, spurting lumber costs and strong demands for bigger and better houses.

But the effect is illustrated by remembering Levittown, with its boxy, identical houses rolling like army columns over the hills and gullies of Pennsylvania and Long Island.

They absorbed their share of snide comments, but they cost $6,900 apiece—$100 down, $70 a month—and provided sanctuary for a housing-starved population coming out of World War II.

Levittown houses sell for $35,000 now.

The construction workers who built Levittown once moved right in themselves, but despite hefty raises, they now can't afford the houses they work on.

And the workers aren't the only ones.

"It's absolutely insulting to say to a man making $15,000 a year, 'you can't buy our least expensive house,'" said Peter Taylor, head of operations for Levitt and Sons' single-family-home division.

You must earn $18,000 a year now to qualify for a new Levitt house. "It's not low-income housing. It is not even middle-income housing," said Taylor.

Our nation "is making decent housing something that's available only to an affluent few."

A home-seeker on a moderate income who wants to save his money a little longer can forget it, said Taylor. Houses are going up $3,000 a year. "If you can't afford it today, you can't afford it tomorrow."

If Levitt, one of the nation's pioneers in economical, mass-produced, prefabricated housing, is having trouble keeping housing costs down, consider what's happening across the country.

In Salt Lake City a family bought a house for $32,000 two years ago, made $2,000 in improvements and sold the house recently for $41,500.

In Milwaukee a builder is getting $49,900 for a four-bedroom house which brought $34,900 in 1970.

In Chicago, a family bought a suburban house for $34,000 in 1970 and sold it for $41,000 in 1971. Six months later the house sold again, this time for $44,000.

In San Diego a couple paid $39,500 for their three-bedroom house 2½ years ago and sold it recently for $63,500.

Go to a realtor in Dallas and he'll tell you you can't buy into a "desirable" neighborhood for less than $30,000. If you want that desirable neighborhood in Baltimore, earn $12,000 a year. Don't try in Oklahoma City if you're earning less than $10,000 a year.

Away from the big cities are cheaper houses, but prices are rising fast everywhere. The three-bedroom house which sold for $22,850 in Boise, Idaho, in 1971 is $27,400 now.

Of 30 cities checked in an Associated Press survey, all reported rapidly rising prices for single-family homes, usually at a rate of at least 10 per cent.

The average price of a new house has jumped from $16,825 to $24,844 in seven years, according to the National Association of Home Builders. It took 15 years prior to 1965 for prices to increase that much.

In mid-1970 the average terms for buying a $30,000 house were $11,600 down and $231 a month for 25 years. Now, with easier down-payment requirements due to a federal ruling and relatively lower interest rates, the terms are $8,400 down and $228 a month for 28 years.

One result is that savings and loans closed $21.4 billion in mortgages in 1970 and $51.4 million last year.

The new money created a demand which strained the housing market despite a 56-percent increase in housing starts over the past three years.

But increasing costs over-took the easier money. Labor costs rose an estimated 8 to 10 per cent a year. Property taxes, an important component of monthly house payments, went up 10 per cent nationwide last year. In the Boston suburbs, the taxes alone on a $31,000 house can cost over $100 a month.

Lumber costs, according to a National Association of Home Builders estimate, have added $1,200 to the price of a new home over the past six months.

The average land price for a home rose from $4,982 in 1970 to $5,507 last year, according to the builders.

[From the Oregon Journal, Portland, Oreg. Apr. 2, 1973]

PORTLAND AREA HOUSING COSTS RUN WILD

(By James Long)

The cost of a single-family home is outrunning the average family's ability to pay.

According to a statistic derived from the federal census and FHA guidelines, 98 per cent of Oregon families would have qualified financially for the cheapest new house on the Portland area market in 1969. Today, it is estimated that the figure is down to 60 per cent.

What is happening?

A Journal study of new housing costs in metropolitan Portland turned up a complex picture of runaway lumber inflation, rising land costs—and, in some localities, a huge jump in service fees.

If you build a new house in Hillsboro after April 15, for instance, you will be charged $1,000 just to be hooked up to that city's water system.

If you can barely afford to buy a house this year, the chances are pretty good that you may not be able to afford it at all next year.

This is the grimmest of the available grim facts on single-family housing in metropolitan Portland and across the United States.

Runaway lumber prices, rapid land inflation, creeping taxes and labor charges, and wild jumps in "hidden" costs such as the price of a water hookup, are combining to make the single-family home unreachable for the average wage earner.

According to a statistic derived from the federal census and FHA guidelines, only about 7 per cent of Oregon families in 1969 would have been unable to qualify financially for a bottom-of-the-market $14,800 home.

Today, using the same yardstick, at least 40 per cent of families wouldn't have enough income to buy an equivalent house which now sells for $18,000. (Both examples are based on a 30-year FHA mortage with minimum down payment, using the federal guideline of one-fourth of a family's gross income as an allowable expense for housing.)

"Some of the costs that are going up drastically are things most people don't even think about," said Don Robertson, an estimator for Allen C. Edwards Co. of Beaverton, one of the area's biggest home builders.

"The cost of a single-family water connection in Hillsboro is going from $400 to $750 on April 15. If you're not inside the Hillsboro city limits, the fee will be $1,000. Isn't that something?"

Depending on where a home is built, Robertson said, the cost of a meter connection can range from $45 to the $1,000 already mentioned, with the average price falling between $250 and $300. Other variables, he said, are lot size requirements, local taxes, and the shifting preferences of customers for such things as carpets and more built-in appliances.

"We don't build a house with hardwood floors anymore unless people ask for it," Robertson said. "About 80 per cent or more prefer carpets, so that's what we put in our spec houses."

According to an item-by-item breakdown of costs in a medium-price Edwards home, hardwood floors cost $530 in 1969. Today, carpets cost $1,150 for a home built with essentially the same blueprint.

Ray Hallberg, president of Hallberg Homes Inc., pointed out, however, that built-in appliances and carpets actually may ease the true cost of housing for many customers who otherwise would purchase the items on high-cost installment contracts.

"But there is no question in my mind that a lot of families are being priced out of the housing market, no matter how you look at it," Hallberg added. "A low-priced single family home today is around $22,000 or $23,000. More typically it is around $25,000."

Unfortunately, said Hallberg, families who put off buying a home in the vague hope that prices will come down are apt to find themselves in a worse position six months later.

"The single-family home is still what most people want despite the cookie-cutter approach that has to be used by builders to keep prices as low as possible," Hallberg said.

He said his company, in an attempt to provide architecturally-attractive units in the $20,000-$25,000 range, is opening a duplex development in the Gresham area—a trend he sees as inevitable if average-income families are to be able to buy housing.

Despite costs, however, builders throughout the metropolitan area report they are selling as many or more houses this year as last year.

"Prices may be scaring a lot of people, but it's not reflected in our loan demand," said Bob Hazen, presdent of Benj. Franklin Savings & Loan. "We're running well ahead of last year."

John Donnelly, general manager of Stan Wiley realty company, said his firm expects to exceed a forecast of $100 million in sales in 1973, a new record.

"To give you an idea," said Donnelly, "we made 147 sales for $3.7 million in January, 1972. In January, 1973, we made 247 sales for $8.1 million."

Donnelly added: "It used to be that $40,000 was a high price for a house. Now it's a medium price. And we can't get enough houses to sell although we list more than 300 a month."

Sales Climb Despite Increasing Costs Here

According to a survey by the Oregon Multiple Listing Service of all houses sold in Multnomah, Washington and Clackamas counties the average single-family residence increased in value nearly $10 a day between February, 1972 and February, 1973.

The average house which sold for $22,222 last February was selling for $25,568 a year later, the survey disclosed.

Ken Neff, chief residential appraiser in the Multnomah County assessor's office, said the cost of new houses is exerting inflationary pressure on older houses, too.

Marshall Swift Co., a nationally-known appraisal firm, estimated that a prospective home buyer in Portland now needs $1.19 to buy $1 worth of housing at 1971 prices.

The Allen C. Edwards Co. provided The Journal with a complete cost breakdown on one popular medium-price home to show the changes since 1969.

The figures in the adjoining table were taken directly from the builder's cost book for Plan No. 1198 for February, 1973. The comparison figures were taken from a 1969 newspaper study of the same plan.

The house is a representative, two-story west suburban model built on a 75x100 foot lot. It has about 1,200 square feet of living space upstairs and 625 downstairs, with a two-car garage.

The chart shows clearly that lumber prices are the main inflationary factor.

Somewhat surprisingly, the cost of land is only 16.8 per cent of the total sale price of the 1973 house, compared with 17.6 per cent of the 1969 house. In 1969, labor for framing the house represented 5.4 per cent of the sale price and rose to only 5.6 per cent in 1973. The cost of "finish" labor in proportion to the sale price rose even less—from 2.1 to 2.2 per cent, with the proportionate cost of siding labor actually decreasing from 1.2 to 1.1 per cent.

The proportion of builder's profit and overhead also declined from 7.7 to 7.4 per cent. The proportion of cost due to lumber rose from 8.8 to 11 per cent for framing and from 2.0 to 2.5 per cent for finishing material, although siding dropped from 2.1 to 1.8 per cent share.

Proportionate costs of floor finishing due to customer preference for carpeting instead of hardwood caused a jump from 2.0 to 3.4 per cent of final sale price.

How Construction Costs Have Risen

	House		Percent change		House		Percent change
	1969	1973			1969	1973	
Land	$4,750	$5,500	16	Insulation	164	171	04
Plumbing-drains	1,755	2,000	13	Medicine cabinets-hardware	175	230	31
Excavation-concrete	2,522	3,300	30	Wrought iron	156	105	-48
Framing lumber	2,375	3,700	55	Gutters-sheet metal	110	120	09
Framing labor	1,450	1,900	31	Water meter	110	250	127
Wallboard	1,083	1,300	20	Light fixtures	125	200	60
Fireplace	775	940	21	General labor	100	150	50
Painting	870	1,130	30	Presale cleaning	50	65	30
Siding material	565	600	06	Bldg. permits	93	116	25
Siding labor	315	360	14	Const. utilities	60	70	16
Heating	619	750	21	Rough hardware	50	160	220
Linoleum, laminate	640	630	-02	Miscellaneous	50	150	200
Electric wiring	605	760	26	Weather stripping	26	35	35
Hardwood floors	530	.....	-100	Carpets	.....	1,150	100
Finish labor	575	750	30	Warranty	25	25	00
Finish material	550	850	55	Builder's direct cost	$23,424	$29,751	27
Roof labor-material	637	975	53	Profits and overhead	2,091	2,500	20
Windows-glass doors	311	280	-11	Sales expense	1,485	1,450	-02
Outside trim-frames	400	525	31	Selling price	$27,000	$33,701	25
Appliances	161	346	115				

Mr. MAYHEW. My name is Harold Mayhew. I am a reseach analyst specializing in forest products industry. I am appearing as a consultant to the Homebuilders Association in Portland.

In late February and March I conducted a survey of the Pacific Northwest sawmills, and plywood plants to determine whether the industry's production capacity was being fully utilized. The survey also attempted to find that the producers could increase production by adding working days and hours, if logs were available at prices compatible with investing market. The survey was mailed to 347 lumber operations, and 107 plywood operations in Oregon, Washington and California, excluding these areas in certain sections of the

States where it would be determined that log exports would not be a factor. As of April 6, returns had been received from 135 sawmills, and 30 plywood plants. The survey showed there was a considerable amount of unused capacity in the lumber segment of the industry. Out of the 125 replies from lumber operations, a total of 66 mills were running one shift or less. In the lumber industry full capacity was generally considered to be three shifts, 5 days per week. Virtually all the six producers indicated they would have a second shift if logs were available. The balance of mills mostly one on a two-shift, 5-day basis. The survey also indicated that a great deal of product could be added by the use of 9-hour workdays, 6 days a week or a combination of both. We asked the producers if they could add production by this method, if logs were available, and approximately 75 percent indicated this could be done. A total of 94 of the 125 producers indicated production could be added in this manner. The increase in production by use of additional hours or work days averaged to 7.1 percent for the three-State area, and a total of over 75 million board feet per month could be added by the reporting mills.

We asked the producers how much production could be added by a combination of extra shifts, 9-hour days, and 6-day weeks, and the composite answer for all three States was 41. Two percent producers in Washington and California indicated they would increase production 36 to 38 percent, and producers in Oregon indicated they could increase production by over 45 percent. On the footage basis, the lumber producers could increase production by 181.7 million board feet a month, if logs were available. On a yearly basis, this would amount to over 2 billion board feet. This would be a substantial gain for the cost region, which is expected to produce close to 8.6 million board feet during 1973. I will add that the 8.6 million is a Western Wood Products capacity. In the case of plywood, the survey found most of the producers operating at three shifts, 5-day level, which is virtually considered to be capacity for this segment of the industry, and we did find, however, that a number of mills could increase production by adding additional hours or workdays or a size increase in production was possible by this method, and a total of 15 plywood plants indicated they could work a 6-day week if logs were available and a few plants who are not working three shifts said they could add the third shift or work 9-hour shifts if logs were available.

By all of these methods, a net increase in production of 15.5 percent was possible. For the 30 plywood plants replying, this amounted to 44.6 million square feet of plywood.

The condensation of the statistics from this survey is included in this report, as is a sample questionnaire. No effort was made to apply the percentage results of the survey to any mills not replying to the survey. Nor was any effect or effort made to calculate what the mills could produce by extra shifts or working hours. These figures were furnished by the officers of the firms filling out the questionnaire.

In summary, the survey did reveal that a substantial amount of production capacity in the lumber industry on the west coast is not being utilized because of log shortages. In the case of plywood,

higher percentage of the capacity is being used, but additional production could be achieved by means of the 6-day workweek.

The total volume of logs being exported could not be immediately utilized by the producers replying to the survey. Allowing for conversion of log scale to lumber and plywood footage, however, it appears that approximately one half of the logs now being exported could be utilized immediately by existing operations.

We appreciate the opportunity to bring you the results of this survey before the subcommittee.

Senator PACKWOOD. Would you like to comment on Mr. Mayhew's survey?

Mr. ROGERS. I should like to comment on Mr. Mayhew's survey. You will note that he was very careful not to take the 41 percent increase that 125 mills could produce and project it for the remaining 222 mills which did not respond. Of course we all know from surveys that people have various reasons for not responding. Now, had you taken these other mills and projected that 41 percent, he would have arrived at an increase in production of approximately 6 billion board feet of lumber. This, however, would not have been a correct assumption for him to have made. However, it is equally not correct to assume that all those not reporting are operating at full capacity. We believe, therefore, that annual production can be increased well over the 2.1 billion board feet per year. Just how much we do not know. It has occurred to us, after listening to much discussion and reading of statements and articles by the people in the industry that very little has been said regarding a goal to produce all the softwood needed for our own country without having to import from Canada. Last year alone this import was 9 billion board feet. It is predicted that this will increase substantially in the years to follow. We challenge the proponents of logs exports to come forward and tell us that the exports are worth more to this country, and particularly in this area, than an additional production of 9 billion board feet of lumber. Little has been mentioned about our trade deficit with Canada, which last year was $1.4 billion. Now we could have improved this deficit by as much as $829 million had we not had to import this lumber. We understand from a recent article quoting Mr. McGuire who is chief of the Forest Service that the timber resources of this country are adequate to accomplish this goal of producing at least 9 billion more board feet of lumber. Before we consider this, however, we must be able to make this resource available to the mills in a stable manner, both materially and economically. No mill owner in his right mind would consider an increase in his production today if the supply of raw material would be drying up tomorrow. We therefore submit to this committee that log exports be stopped immediately in order to insure a present and continuing supply of logs to the mills, and then immediately thereafter join together with the industries involved to begin working on the problems that's in the way of self-reliance regarding our softwood lumber needs. Once this self-reliance is attained, then and only then can we consider whether or not we have the surplus of logs for export.

Senator PACKWOOD. Gentlemen, you are right on 15 minutes—right there. So, I can't take any more testimony, but I want to ask Mr. Mayhew if he was here this morning.

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Mr. MAYHEW. For about an hour and a half.

Senator PACKWOOD. You are familiar with the argument in regards to the transportation of logs from Washington and Oregon, that it's too far to be transported, therefore your figures are not exactly an accurate reflection of whether or not the capacity would be used. Can we go to your figures for a minute? Go specifically to the State of Washington and translate this from the State of Washington into unused capacity and how much it amounts to, just on the mills that reported in terms of billion board feet or how many hundred million board feet in the State of Washington of unused capacity. Your figures are monthly?

Mr. MAYHEW. Monthly.

Senator PACKWOOD. Right. And could you translate, because everybody that has testified had been talking about 3 billion board feet of exports and 9 billion board feet from Canada. I want to translate that.

Mr. MAYHEW. I'm not sure I can do that in my head. Washington mills reporting this are producing now about 100 million board feet a month. Actually, 106 million a month is what they are reporting, if by all methods of increased shifts, and 9-hour days, 6-day weeks, they could add 38.6 percent. You would be talking about 140 million a month, multiplying that by 12. That would be better than 1 billion board feet——

Senator PACKWOOD. Better than what?

Mr. MAYHEW [continuing]. Better than 100—about 140 million per month multiplied by 12.

Senator PACKWOOD. Yes. How much are we talking about in increase. You have 166 as opposed to your roughly 140. How much of an increase in Washington capacity?

Mr. MAYHEW. That's on the bottom line, 38.6 percent.

Senator PACKWOOD. Well, give me that in board feet.

Mr. MAYHEW. In board feet per month it would be 41.2.

Senator PACKWOOD. Roughly 500 million?

Mr. MAYHEW. Roughly 500 million feet per year.

Senator PACKWOOD. That's in Washington alone?

Mr. MAYHEW. Right.

Senator PACKWOOD. And if the bill that Senator Cranston and I proposed was to go into effect, January 1974, the export in Federal lands, except for existing contracts, would cease, and that, apparently, is around 300 million board feet in addition in 1974, a quarter of the exports from State and private lands would cease—the best I can figure, roughly, 600 million board feet. So, we're talking about 1974 total of 900 million board feet being thrown on the market in Oregon, Washington, and not being exported. You are saying that there is at least, in your estimation, 500 million board feet of capacity in Washington alone?

Mr. MAYHEW. Right.

Senator PACKWOOD. So, you would see no difference, based upon your figures, that in 1974 we could absorb that additional amount?

Mr. MAYHEW. I estimate that you can use about half of it immediately, if 900 million feet were thrown into the markets.

Senator PACKWOOD. That's 900 million, that's total?

Mr. MAYHEW. You mean 900 million in Washington?

Senator PACKWOOD. No, totally.

Mr. MAYHEW. No, I would think they could use it all.

Senator PACKWOOD. This is based upon your relatively conservative figure and not projection, just the mills that did answer?

Mr. MAYHEW. Just the mills that did answer.

Senator PACKWOOD. You are a master in experience in the lumber industry. If these mills that did answer, and take a guess as to what those—to get an answer, if they knew in 1975, 1976, that they were going to have an additional 900 million board feet of timber available to them that would otherwise be exported, would you be able to make accommodations in their productive capacity to take care of it, if they could look 2 years down the road and knew it was there to take care of?

Mr. MAYHEW. In my opinion, they would, yes. I think it's the whole decade in the seventies, we're looking at housing starts ranging from anywhere within 2 to 2.44 million. I think anyone who could see a supply of logs available would build additional capacity.

Senator PACKWOOD. And if he could see 2 years down the road, it would given them enthusiasm to do the building?

Mr. MAYHEW. Right.

[Mr. Mayhew requested that the following statement appear in the record:]

STATEMENT OF HAROLD D. MAYHEW, FOREST PRODUCTS ANALYST, HERRON NORTHWEST, INC., PORTLAND, OREG.

Mr. name is Harold Mayhew. I am a security analyst specializing in the forest products industry. I am appearing as a consultant to the Home Builders Association of Metropolitan Portland.

In late February and March I conducted a survey of Pacific Northwest sawmills and plywood plants to determine whether the existing production capacity was being fully utilized. The survey also attempted to find if the producers could increase production by additional working days or hours, if logs were available at prices compatible with the domestic market.

The survey was mailed to 347 lumber operations and 107 plywood operations in Oregon, Washington and California, excluding those areas in the eastern section of the states where it was determined that log exports would not be a factor. As of April 6th, returns had been received from 125 sawmills and 30 plywood plants.

The survey showed that there was a considerable amount of unused capacity in the lumber segment of the industry. Out of the 125 replies from lumber operations, a total of 66 mills were running one shift or less. In the lumber industry, full capacity is generally considered to be two shifts, five days per week. Virtually all of the 66 producers indicated they would add a second shift if logs were available. The balance of the mills were mostly running on a two-shift, five day basis.

The survey also indicated that a great deal of production could be added by the use of 9-hour work days, 6-day weeks, or a combination of both. We asked the producers if they could add production by this method if logs were available, and approximately 75 percent indicated that this could be done. A total of 94 of the 125 producers indicated production could be added in this manner. The increase in production by use of additional hours or work days averaged 17.1% for the three-state area, and a total of over 75 million board feet per month could be added by the reporting mills.

We asked the producers how much production could be added by all combinations of extra shifts, 9-hour days and six-day weeks, and the composite answer for all three states was 41.2 percent. Producers in Washington and California indicated they could increase production 36 to 38 percent, and producers in Oregon indicated they could increase production by over 45 percent.

On a footage basis, the lumber producers could increase production by 181.7 million board feet per month if logs were available. On a yearly basis, this would amount to over 2 billion board feet. This would be a substantial gain for the coast region, which is expected to produce close to 8.6 billion board feet during 1973.

In the case of plywood, the survey found most of the producers operating at the three-shift, five day level which is generally considered to be capacity for this segment of the industry. We did find, however, that a number of mills could increase production by additional hours or work days, and a sizeable increase in production was possible by this method. A total of 17 plywood plants indicated that they could work a six-day week if logs were available, and a few plants not working three shifts said they could add the third shift or work 9-hour shifts if logs were available. By all methods, a net increase in production of 15.5 percent was possible. For the 30 plants replying, this amounted to 44.6 million square feet of plywood per month of additional production.

A condensation of the statistics from this survey is included in this report, as is a sample questionnaire. No effort was made to apply the percentage results of the survey to any mills not replying to the survey. Nor was any effort made to calculate what the mills could produce by extra shifts or work hours. These figures were furnished by the officers of the firms filling out the questionnaire.

In summary, the survey did reveal that a substantial amount of production capacity in the lumber industry on the West Coast is not being utilized because of log shortages. In the case of plywood, a higher percentage of the capacity is being used, but additional production could be achieved by means of the six-day work week.

The total volume of logs being exported could not be immediately utilized by the producers replying to this survey. Allowing for conversion of log scale to lumber and plywood footage, however, it appears that approximately one-half of the logs now being exported could be utilized immediately by existing operations.

We appreciate the opportunity to bring the results of this survey before the subcommittee.

Exhibit 1

MILL CAPACITY SURVEY: LUMBER

	Washington	Oregon	California	Total
Mills reporting	40	56	29	125
Mills operating one shift or less	21	36	9	66
Current monthly production (million board feet)	106.7	204.8	129.5	441.0
Could work 6-day week	31	42	21	94
Could work 9-hour shifts	29	41	24	94
Monthly production which could be added by above means (million board feet)	18.4	35.4	21.8	75.6
Percent increase	17.2	17.2	16.8	17.1
Could add another shift	19	35	12	66
Production which could be added by additional shifts (million board feet)	22.5	64.8	26.6	113.9
Percent increase	21.0	31.6	20.5	25.8
Production which could be added by all available methods (million board feet)	41.2	93.5	47.0	181.7
Percent increase	38.6	45.6	36.3	41.2

Approximate gain possible per year: 181.7 million fbm times 12 months equals 2,180,400,000 board feet.

Exhibit 2

MILL CAPACITY SURVEY: PLYWOOD

	Washington	Oregon	California	Total
Number of mills reporting	8	17	5	30
Current monthly production (million board feet)	71.0	191.2	25.3	287.5
Could work 6-day week	5	8	4	17
Could work 9-hour day	2	2	0	4
Monthly production which could be added by above means (million board feet)	10.9	18.0	3.1	32.0
Percent increase	15.4	9.4	12.3	11.1
Monthly production which could be added by extra shifts (million board feet)	3.5	3.3	8.8	15.6
Percent increase	4.9	1.7	3.5	5.4
Production which could be added by all available methods (million board feet)	11.4	21.3	11.9	44.6
Percent increase	16.1	11.1	47.0	15.5

Approximate yearly gain possible: 44.6 million fbm times 12 months equals 535,200,000 square feet.

STATEMENT BY WILLIAM BOTKIN, SECRETARY, INTERNATIONAL WOODWORKERS OF AMERICA, PORTLAND, OREG.; ACCOMPANIED BY RALPH D. SCOTT, RESEARCH DIRECTOR, INTERNATIONAL WOODWORKERS OF AMERICA

Senator PACKWOOD. I have no other questions. Thank you.

Mr. Scott?

Mr. BOTKIN. Senator, my name is William Botkin. I am the secretary for the International Woodworkers of America. We'll not take more than 5 minutes combined.

I would like to make just an opening statement and then I will turn it over to Mr. Scott. I'll take a very few moments to make an opening statement. I'll introduce Mr. Scott, who is a member of our research and education department and he will summarize the written reports that we gave.

The International Woodworkers of America is an organization that represents loggers, plywood workers, sawmill workers, field hands, and other people who work in the lumber industry. We are vitally concerned about the exporting of logs to Japan, and as secretary-treasurer, one of my responsibilities is keeping an account amount of the number of people who pay dues to our union. A year ago, in March, the average dues payments made was approximately 125,000 in dues moneys. In March of this year it is about 104,000. In our union, our members, when they are not working, don't pay dues. So, therefore, there's approximately 21,000 members that are unemployed in the month of March as compared to a year ago. Our union feels that the need is there. We want to see an immediate embargo placed on the exportation of logs. We feel that it's for the betterment of the country, and we feel it's for the betterment of the people who have to work for a living. These logs are manufactured in the United States. We recently posted for 3 days four Japanese people representing management, and four Japanese labor unions, and wood and pulp industry fellows in Japan say they can raise approximately 50 percent of the timber needed to supply their demands, and we feel that if their logs are not there to buy, and the embargo is in place, they will have to buy the finished lumber from our mills, which will then furnish the needs for their houses or the needs for their country as a whole.

I just want to say that as far as our friends in the longshoremen industry are concerned, we sympathize with them. We recognize they have their problem, but we have our problem also, and when we lose 25,000 or 24,000 members who are not employed anymore, we are seriously concerned.

I would like to turn the mike over now to Mr. Scott, who is a member of the research and education department.

Mr. SCOTT. We welcome the opportunity to speak to you on log exports. As the secretary-treasurer has indicated, this is an area that we are vitally concerned with. We have seen very recently the steep incline in log exports. Just 6 years ago, log exports were in a much lower volume, about 1.2 billion. In a 6-year period, we've seen an average annual rise of about 22 percent. We feel this is rather dramatic, and we feel that looking down the road, domestic lumber production plus lumber imports cannot meet the high demands. But,

again, at the same time, we see logs being exported in around—in a record quantity.

Examining log exports, as it relates to the export of all wood products, including pulp, plywood, and logs, we see the disturbing trend. While the exports of all wood products has increased, the exports of logs as a percentage of that whole is increasing at a much greater rate. In 1960, 9.7 percent of wood exports were logs. In 1972 a full 42 percent were in the form of round wood. We feel that this kind of shift is undesirable. It takes less man-hours inside the United States to produce a log than it does a 2 by 4. In the skill requirements of the forest products industry would be narrowed if we reduced the relative importance of wood and manufacturing parts of the industry. The economy base now provided by wood manufacturing would be reduced in many localities, and it would put severe strains on sound conversation practices, and we can look way down the road and see if it could even make the United States more dependent on other countries who are the—who are manufacturing wood products.

We have heard a great deal of debate on the ability of mills to handle the extra wood that would result from a ban on log exports. The IWA was very impressed with the study of the National Association of Homebuilders, and we were very happy to see them testify here just before us.

The large bulk of log exports, it is true, have been home log, and——

Senator PACKWOOD. About 2 minutes, Mr. Scott.

Mr. SCOTT. Okay. We'll wrap it up quickly.

However, the Douglas-fir species is being exported in greater and greater quantities, and in fact, I was shocked to read a recent news release that the Douglas-fir in February accounted for 37 percent of log exports, and we have seen this percentage gradually rise as time has gone on.

We're also concerned about the grade of logs being sent overseas. The Japanese, the most popular logs are the mill grade saw logs, apparently. Based on figures that we've studied, that leaves our domestic mills with an excess supply of grade 3 logs. We feel that if they had a grade supply of the mill grade saw logs, that are now going overseas, this in itself would increase production. Grade 3 logs are harder on equipment, equipment maintenance, and the rest of it.

Coming to employment, the International Woodworking, of course, are very concerned about employment. We carefully examine employment figures in Washington and Oregon. While the figures show that employment in the logging and lumber industry is currently at high levels, there has been pocket situations where workers have been laid off due to the log shortage. It is a situation where mills cannot obtain logs.

For example, cedar is in extremely short—in extremely short supply. A mill dependent on the depleted inventory for raw materials is then forced to curtail operations or scramble to buy whatever other logs might be available. Due to the high Japanese demand the U.S. producer can make a greater margin of profit selling the raw log than he can by manufacturing the log and selling the lumber.

This profiteering is taking place at the expense of American workers and runs contrary to the national interest of supplying an adequate amount of domestic lumber.

British Columbia has long followed a policy of limiting log exports when the round wood is, in fact, marketable within the province.

We feel that Senate bill 1033 represents a major move in this direction. We support it. As the secretary-treasurer reported, we would go even further than the Senate bill 1033 and restrict log exports immediately or as soon as possible.

Thank you very much.

[Mr. Scott's complete statement follows:]

STATEMENT OF RALPH D. SCOTT, DEPARTMENT OF RESEARCH, EDUCATION AND COLLECTIVE BARGAINING COORDINATION, INTERNATIONAL WOODWORKERS OF AMERICA

The International Woodworkers of America welcomes the opportunity to appear before this subcommittee to explore the problems surrounding the recent acceleration in the volume of log exports. The IWA represents approximately 100,000 workers in the forest products industry and has been long concerned with the proper development and allocation of our wood fibre natural resources.

Coming directly to the issue of log exports the IWA favors an immediate embargo on the export of all raw, unprocessed logs from the United States to last for a period of six months. During this six month period we feel that the mechanics for a workable permanent log export restriction policy should be formulated which would allow log exports only if they were not marketable inside the United States at prevailing market prices.

This policy position was arrived at only recently by the Executive Board of the Union after a long process of debate, study and consideration. The conclusion reached, after much deliberation, reflects our concern for the immediate problem of short supply and high prices of logs and lumber and the long range goals for fostering a stable and enduring forest industry. Looking far down the road we feel that policies should be pursued to protect future employment in the industry, to help meet this country's building material needs and to provide proper recreational facilities.

In 1972 U.S. log exports from the west coast reached a record level of 2.8 billion board feet with 91% going to Japan. It has been just in recent years that log exports have reached these high levels. In 1970 2.46 billion board feet were exported and in 1971 2.05 billion board feet were shipped outside of the U.S. No doubt a higher volume would have been exported in 1971 had not the west coast ports been tied up with the ILWU strike. To demonstrate the recent high acceleration of the log volume going to exports we need only to look back just six years, in 1966, and note the volume was only 1.2 billion in that year. In just six years the volume has increased by 133%—an average annual rise of 22% for the six year period. The rapid expansion of log exports is occurring at a time when housing construction activity in the U.S. has sustained itself at record high levels for an unusually long period of time and, thus, is creating a corresponding high demand for lumber. Domestic lumber production plus lumber imports cannot meet the high demand but, yet, logs are being exported in record numbers. The lumber shortage and the high prices of logs and lumber is, in our opinion, being aggravated and worsened by Japanese purchases of U.S. logs.

LOG EXPORTS AND TOTAL TIMBER PRODUCTION

In 1972 round logs exported from the U.S. made up just over 5% of the total 1972 harvest. This certainly does not represent a major share of the timber cut but it is interesting to examine this ratio as it has changed over the years. The ratio of log exports to total production has shown a gradual, but steady, increase over the past 12 years. In 1960 log exports represented one-

half of one percent of harvest. The only year in which this figure dropped significantly from the year prior was in 1971 when the dock strike reduced the trade flow.

A distinct trend emerges when examining log exports as they relate to the export of all wood products which includes lumber, plywood, pulpwood and logs. Over the past 12 years US shipments of wood products have risen steadily at an average rate of 18% per year. But since log exports have increased at a much faster pace, an increasing share of the wood export is in the form of the raw natural resource. In 1960 9.7% of wood exports were logs. In 1972 a full 42% were in the form of round wood. The same kind of trend can be seen when examining a ratio between log exports and lumber exports. For every cubic foot of lumber exported in 1960 one-third cubic foot of logs were shipped. By 1972 the situation had completely reversed itself to one in which 2½ cubic feet of logs was exported for every single cubic foot of lumber. This trend shows a continuous shift away from the manufactured export towards the raw material export. Most would agree that such a shift is undesirable since, 1) it takes less man-hours inside the US to produce a log than a 2 by 4, 2) the skill requirements of the forest products industry would be narrowed if we reduced the relative importance of wood manufacturing, 3) the economic base now provided by wood manufacturing would be reduced, 4) it could put severe strains on sound conservation practices, and 5) it could make the US more dependent on other countries for finished wood products.

The information as to how log exports relate to total wood exports is helpful in answering another question. Do lumber exports decline as log exports rise? Although there has been an absolute decline in the export of lumber/plywood/pulpwood as log shipments have risen there has certainly been a relative decline. In other words wood exports have not grown as rapidly as log exports. Can we then conclude that a decline in log exports (such as an embargo) will cause lumber exports to increase at a faster rate? We often hear, if Japan can't buy US logs they'll buy US lumber. This would certainly hold true in years ahead since more mills would be constructed to meet the increased foreign demand for US finished wood products.

There is a great deal of debate, however, on the present ability of west coast mills to increase their output levels if they were given access to an increased supply of logs. Opponents of a ban on log exports claim that mills are operating at full capacity now and could not increase output even if they had the logs now going to export. We reject this claim. IWA members working in sawmills and plywood plants have lost work and have experienced lay-offs because mills could not obtain an adequate supply of the needed raw material. This says to us that if the domestic supply of logs is increased by virtue of a log export limitation, those mills forced to curtail operations could again add to the flow of lumber manufactured. In that the argument concerning unused plant capacity is a key one in the log export debate we were very interested in the survey taken by the National Association of Home Builders in March 1973. It indicates that west coast mills could, in fact, produce an additional 148 million board feet a month if sufficient logs were available. The survey summarized responses from 102 sawmills in Western Oregon, California and Washington. It was estimated that total production for the region could be increased by as much as 20% by adding additional shifts, working longer hours or working an extra day. Plywood mills were running closer to capacity than were sawmills. The unused capacity could consume about one-half of the volume of logs shipped for export in 1972.

DOUGLAS FIR LOG EXPORTS

The large bulk of log exports have been hemlock. In 1972 hemlock accounted for approximately 70% of total logs shipped abroad. Douglas fir logs, however, were exported in record quantities in 1972 and made up 21.7% of the total. In fact Douglas fir log exports jumped at a much higher rate in 1972 than did the export volume of all logs (48% for Douglas fir vs 36% for the total). Looking at the proportion of Douglas fir over the last 10 years we see a pronounced trend towards a higher share of Douglas fir in the total. For example, in 1964, 1965 and 1966 this species made up from 9 to 10% of the total log exports. In the last three years the percentage of Douglas fir has been: 1970, 18.2% ; 1971, 20.1% ; 1972 21.7%.

Since Douglas fir is a key species to most sawmill and plywood operations the increased export of this species would worsen log shortages for domestic users. Certainly, a continuation of the trend towards Douglas fir exports would be harmful to the future needs for lumber in the US.

GRADES OF EXPORTED LOGS

Much concern has been expressed over the grade of log being exported. IWA locals have reported a decline of high grade logs being processed in west coast mills and an increase in Grade 3 logs.

Figures for log exports by grade are not compiled for total exports but a private association does accumulate statistics as they apply to harbor areas. We have examined two of these harbor areas—Puget Sound and Columbia River—to get an indication of the grade of logs going to Japan. These two areas represent the port of origin for a substantial share of log exports and, therefore we think, portrays an accurate picture of grades for exported logs.

The most common grades of Douglas fir exported from the west coast are No. 3 peelers, special mill logs and No. 2 sawlogs. Special mill logs fall between No. 1 and No. 2 sawlogs in quality. In Puget Sound in 1972 these three grades made up 66.7% of all Douglas fir logs exported. Between 5 and 6% of this species exported fell into the category of No. 1 peelers. No. 2 peelers made up about the same percentage. Thus, No. 1 and No. 2 peelers made up about 11 or 12% of the Douglas fir export. Not nearly so many of these higher grade peelers were shipped out of the Columbia River area. No. 1 sawlogs made up less than 1% of Douglas fir log shipments to Japan.

Hemlock was exported in slightly different grade combinations than was Douglas fir. Table 4 shows that, like Douglas fir, the special mill log and the No. 2 sawlog were the most popular items. In 1972 these two grades made up 61.5% of the hemlock export. No. 1 peelers, however, made up between 6 and 7% of the total hemlock export.

Many shortages of cedar logs have been reported throughout the west. Here it is much more difficult to ascertain the grades being shipped abroad since over 50 of the shipments were of mixed grades. A small proportion of the red cedar appears to be No. 1 grade. No. 3 grade made up around 23% of the cedar log export.

The most popular grade with exporters is the No. 2 sawlog. The special mill log is in second place accounting for 20% of Douglas fir and 20% of hemlock.

In short, the Japanese are not concentrating their log purchases on grades of low importance to US producers. The substantial share of their purchases are for the middle and upper-middle sawlogs and peeler logs. US mills are being forced to process more grade 3 logs and as a result suffer declines in efficiency and output. Grade 3 logs are much harder on equipment than are the higher grades and generally speaking causes a higher frequency of equipment maintenance. The equipment, likewise, cannot be operated at the higher speeds permitted by the clear, undamaged and more uniform high grade logs. A ban on exports would divert these middle grade logs through US mills and output would be increased by the improved quality of the raw material.

LOG AND LUMBER PRICES

A key aspect of the log export controversy is the high price of timber and, ultimately the high price of lumber and plywood. In fact the log shortage problem could more accurately be stated as a problem of "log availability at reasonable prices." High log exports are contributing to high timber prices for two primary reasons.

1. Exports reduce the supply in the US causing domestic users to bid up prices to get logs.
2. The Japanese are actively bidding up prices of timber for export and domestic users must compete in order to obtain logs.

Table 5 presents price information on Douglas fir lumber, softwood plywood and Douglas fir stumpage from National Forests. In 1972 the wholesale price of Douglas fir lumber rose by 17.1%, plywood by 21.8% and Douglas fir stumpage an extraordinary 32.2% (and this is for only 3 quarters of the year).

It is also interesting to examine some specific, recent log and lumber prices. The Forestry Service reported that the average price of the exported Douglas

fir log was $177 per thousand board feet in January 1973. In the same month the price of Douglas fir framing lumber was $172 per thousand. The Japanese were willing to buy a raw No. 2 Douglas fir sawlog for $5 *more* than a US sawmill would sell its completely processed 2 by 4 lumber. The economics is simple. Why pay the expenses of running a sawmill if you get a greater return by selling the raw material? We have received reports that mills have sold out log inventories that were programmed for processing just because of these simple economics.

We are also certain that high log prices are causing many companies to merely cease buying. They do not want to be caught with high priced logs in their inventories should lumber prices decline. In these situations it is a matter of choice rather than log inavailability.

Even though we recognise that the lions share of the blame for high log/lumber prices is being caused by the sustained housing boom Japanese activity in the Northwest is adding greatly to the problem of a short log supply and the problem of high log prices.

HOME PRICES

The cost of lumber, in 1972, in a $14,000 house was $2,198 according to a study done by the National Association of Home Builders. Lumber represented 15.6 of the total cost of materials and labor (not land, interest or profit). The month to month lumber price increase from June through December 1972 amounted to $1,069 and the price of mill work and wood flooring rose as well. As a result of the price rise of wood products the construction cost of a new single family home increased by $1,202 in just the last half of 1972.

These excessive price increases are pushing the cost of a home even further out of reach for low and middle income families. To compound the problem President Nixon suspended the federal subsidised housing programs in January 1973. In 1972 subsidized starts represented about 14% of total homebuilding construction and as a result of Nixon's budget cuts these lower priced new units will not be built in 1973. The removal of these lower priced units from the market plus the rapid escalation of housing prices makes the prospects for adequate housing at moderate prices very dim. While there is no standard test as to what constitutes unsatisfactory housing in this country census data places about one-sixth of all US housing units in a class of "seriously deficient". Other estimates indicate that at least one-fifth of all Americans are ill-housed.

In 1968, with President Johnson's Great Society Program, Congress set out to cure the problem of inadequate housing and in so doing set a target of 2.6 million starts per year for a 10 year period. It was only in 1971 and 1972 that the country even approached that goal. The housing crisis for poor and low income families has been aggravated by Nixon's housing policies and unchecked lumber prices.

CONSERVATION PRICE

The IWA is deeply concerned that high exports and high stumpage prices is causing excessive cutting, profiteering and reckless conservation. There is little in the way of concrete proof but an example can serve to demonstrate the potential ill effects.

In Mendocino County, California, Georgia-Pacific recently purchased a tract of forest land from Boise Cascade. Boise Cascade had managed the forest on a sustained yield basis but GP plans to cut 35 million board feet per year for three years for a total of 105 million board feet. Rumor has it that the timber will be harvested in this cut and run manner for the express purpose of log export. The tract makes up a substantial portion of the timber available to 10 mills in Mendocino County and this rapid harvest would jeopardize these mills and stable employment in the industry in years ahead. And once cut, the county loses the steady and continuous flow of tax revenues from the moderate annual cut.

This example verifies the fears of many. Most would agree that many small independent companies and logging contractors do a very poor job of reforestation. High log prices cause the irresponsible operators to cut for today's profit and ignore tomorrow's survival.

LOG EXPORTS AND PUBLIC TAX REVENUES

Log exports come predominantly from the State of Washington. In 1972 Washington supplied 82%, Oregon 13% and Alaska and California 5%. Since Washington is the high volume log exporter it might be useful to examine that State's forestry revenue.

The Washington State Treasury receives revenues from the sale of state-owned timber. The receipts are returned to county governments for use in supporting universities, state colleges and a large share goes to the common school construction funds. Most of the new school construction fund (90%) will have to come from timber revenue sources since state bond sources have been used to the maximum permitted by the Constitution. It is claimed that the bulk of the revenues from state timber sales is directed towards the export market. This is undoubtedly accurate since, in 1972, 30% of Washington's harvest was exported in the form of logs and breakdown of Washington's log exports by ownership shows that 23% of the log exports came from state forests. It is noteworthy, however, that 34% of Washington's log exports came from the forest industry and other private holdings.

The State of Washington, Department of Natural Resources gives the following information with respect to state revenues from timber sales and grants.

WASHINGTON STATE REVENUES FROM TIMBER SALES AND GRANTS

[Dollars in thousands]

	1970	1971	1972
Common schools	$13,996	$15,569	$24,216
Normal school	3,471	4,045	5,162
University (original and transfer)	2,508	3,130	4,601
Capital	1,419	2,833	2,162
Agriculture and scientific	814	1,650	1,382
CEP and RI	1,090	2,203	4,457
Total grants	23,298	28,830	37,980
Trust and fee	4,441	5,656	6,741
Total grants, trust and fee	27,739	32,486	44,731
Other income	3,048	4,364	5,149
Total gross income	30,787	36,850	49,880

As stumpage prices rose the revenues to the state increased substantially. Stumpage prices were at fairly low levels in 1970 and 1971 and increased markedly in 1972. This price history can be clearly seen in the revenue figures.

Would Washington taxpayers lose this revenue if log exports were halted? Those who claim that a log embargo would severely hamper the state's education program assume that the embargoed logs could not be sold domestically. This may be true for hemlock—if domestic users still reject it—but it would probably not apply to Douglas fir and cedar. With the high lumber demand in the US the major part of these logs now going to export would be purchased by US mills to meet the demand at home. If logs were embargoed the Japanese would probably fill their needs with increased purchases of squares and cants in British Columbia for resawing in Japan. Likewise, if Japanese log shipments from the US were cut off US mills would then have a market for slabbed or squared hemlock. This would also have the effect of diverting once exported logs to domestic users and thus give Washington a continuing revenue source.

It must also be pointed out that Washington State revenues from timber sales and grants has shown a wide year to year fluctuation—from a low of $30.8 million in 1970 to a high of nearly $50.0 million in 1972. History shows that the state's school construction fund has not had a smooth and predictable inflow and any temporary decline in these revenues resulting from a log export ban would be made up in the years ahead. The state would be selling logs to domestic producers instead of to exporters. In the event that US housing construction declines in years ahead, logs under the IWA proposal may be ex-

ported if no market exists for them inside the US. This would provide the release-valve for guaranteeing a steady and continuing market for US logs, a stabilized public revenue source and would provide a prop under logging and tree harvesting employment in the Pacific Northwest States.

LOG EXPORTS AND EMPLOYMENT

The International Woodworkers of America are, of course, very concerned about the employment impact of high log exports. We have carefully examined aggregate employment figures in the two states that account for 95% of log exports—Washington and Oregon. While the figures show that employment in the logging and lumber industry is currently at high levels there have been pocket situations where workers have been laid off due to the log shortage. The problem has been especially critical in mills using cedar. As an example, a plant in Grays Harbor using cedar for plywood was forced to lay off 155 men in February because exporters were outbidding the company for cedar logs. Cedar is in short supply and while it is needed and can be utilized by domestic mills it is improper to allow cedar log exports.

In discussing pocket situations we can also point to instances where foreign buyers have purchased logs from inventories programmed for processing through US mills. The mill depending on the depleted inventory for raw materials is then forced to curtail operations or scramble to buy whatever other logs might be available. Due to the high Japanese demand the US producer can make a greater margin of profit selling the raw log than he can be manufacturing the log and selling the lumber. This profiteering is taking place at the expense of American workers and runs contrary to the national interest of supplying an adequate amount of domestic lumber.

The IWA is not only concerned with the here and now impact of high log exports but we are also very much concerned with the long range employment implications of a continuing policy of unrestricted log exports. We are striving for a measure of future employment stability in the wood products manufacturing industry. If the trend towards larger log exports continues, we can look far down the road and see undesirable effects. Employment in the manufacturing section of the industry would undoubtedly decline and many communities in the West dependent on wood manufacturing as an economic base would suffer. We could even foresee a situation where the US was importing much more finished lumber than is now being imported and thereby create additional pressures on the US balance of payments deficit.

In summary we feel that it is in the long range best interests of workers in the industry, and the general public to establish a permanent mechanism for regulating the export of US softwood logs. British Columbia has long followed a policy of limiting log exports when the round wood is, in fact, marketable within the province. This posture has contributed to a thriving wood manufacturing industry and has certainly not hampered efforts of BC companies to sell manufactured lumber abroad. Senate bill 1083 represents a major move in the direction of the British Columbia program and the International Woodworkers of America supports the long range aspects of the bill. We do not, however, feel the proposed legislation goes far enough in attacking the immediate problem of the West Coast log shortage. We would like to see a log export ban put into effect as soon as possible.

TABLE 1.—U.S. TOTAL SOFTWOOD EXPORTS AND SOFTWOOD LOG EXPORTS AS PERCENT OF TOTAL SOFTWOOD PRODUCTION, 1960-72

[Million cubic feet]

Year	Total production	Total exports[1]	Total exports as percent of production	Log exports	Log exports as percent of production	Log exports as percent of total exports
1960	6,925	360	5.1	35	0.5	9.7
1961	6,810	400	5.9	65	0.9	16.3
1962	6,980	400	5.7	70	1.0	17.5
1963	7,330	515	7.0	135	1.8	26.2
1964	7,820	585	7.6	160	2.0	27.0
1965	8,110	590	7.3	175	2.2	30.0
1966	8,120	665	8.2	205	2.5	30.8
1967	7,985	805	10.1	290	3.6	36.0
1968	8,550	955	11.2	385	4.5	40.3
1969	8,380	965	11.5	360	4.3	37.3
1970	8,575	1,150	13.4	420	5.0	36.5
1971	8,955	980	10.8	350	3.9	35.4
1972	[2] 9,265	[2] 1,130	12.2	[2] 475	5.1	42.0
	Average annual increase (percent)					
1960-72	2.8	17.8		104.8		
1967-72	3.2	8.1		12.8		
1971-72	3.5	14.1		35.7		

[1] Includes lumber, plywood, pulpwood, and logs.
[2] Preliminary.

Source: The Demand and Price Situation for Forest Products, 1971-72, USDA, Forest Service, July 1972, Publication No. 1231.

TABLE 2.—SOFTWOOD LUMBER EXPORTS, 1960-72

[Million cubic feet]

Year	Softwood lumber exports	Ratio of lumber exports to log exports
1960	110	0.32
1961	95	0.68
1962	100	0.70
1963	115	1.17
1964	125	1.28
1965	120	1.46
1966	135	1.52
1967	150	1.93
1968	165	2.33
1969	165	2.25
1970	180	2.33
1971	145	2.41
1972	185	2.57

Source: U.S. Department of Commerce, Bureau of the Census.

TABLE 3.—DOUGLAS FIR LOG EXPORTS AS PERCENT OF TOTAL LOG EXPORTS, 1960-72

[Million board feet]

Year	Total softwood log export	Douglas fir log export	Douglas fir log export as percent of all softwood log export
1960	210.3	27.5	13.1
1961	432.2	66.8	15.5
1962	452.7	48.1	10.6
1963	879.6	71.6	8.1
1964	1,022.6	94.6	9.3
1965	1,111.4	111.3	10.0
1966	1,317.5	130.5	9.9
1967	1,873.6	272.0	14.5
1968	2,473.2	396.5	16.0
1969	2,316.8	380.6	16.4
1970	2,684.1	487.7	18.2
1971	2,233.4	448.1	20.1
1972	3,049.4	662.2	21.7

Source: U.S. Department of Commerce, Bureau of the Census.

TABLE 4.—LOG EXPORTS FROM PUGET SOUND AND COLUMBIA RIVER BY SPECIES AND GRADE, 1971, 1972, AND 4TH QUARTER 1972

Species/grade [1]	1971 Board feet (in thousands)	1971 Percent of total for species	1972 Board feet (in thousands)	1972 Percent of total for species	4th quarter 1972, percent of total for species
PUGET SOUND					
Douglas-fir	81,274	100.0	78,272	100.0	100.0
No. 1 peeler	4,982	6.1	3,835	4.9	6.4
No. 3 peeler	11,816	14.5	8,604	11.0	13.8
Special mill	20,744	25.5	16,119	20.6	19.5
No. 1 saw	90	0.1	165	0.2	0.1
No. 2 saw	29,065	35.8	27,462	35.1	32.4
No. 3 saw	4,775	5.9	6,238	8.0	6.9
Mixed	4,350	5.4	4,988	6.4	8.2
Red cedar	6,115	100.0	9,634	100.0	100.0
No. 1	894	14.6	339	3.5	1.8
No. 2	2,643	43.2	1,699	17.6	23.8
No. 3	2,309	37.8	2,236	23.2	22.9
Mixed	168	2.7	5,199	54.0	50.7
Hemlock	125,635	100.0	136,289	100.0	100.0
Peeler	7,786	6.1	8,977	6.6	7.6
Special mill	28,911	22.8	26,908	19.7	21.2
No. 1	7,201	5.7	7,275	5.3	5.1
No. 2	40,702	32.1	56,967	41.8	41.9
No. 3	15,131	11.9	19,905	14.6	15.7
Mixed	15,564	12.3	12,880	9.5	7.4
White fir	35,129	100.0	48,284	100.0	100.0
Peeler	3,371	9.6	6,434	13.3	13.0
Special mill	9,462	26.9	13,951	28.9	29.5
No. 1	1,548	4.4	2,767	5.7	5.4
No. 2	9,515	27.1	16,617	34.4	34.0
No. 3	3,942	11.2	5,916	12.2	13.9
Mixed	6,091	17.3	2,171	4.5	4.1
COLUMBIA RIVER					
Douglas-fir	13,446	100.0	34,311	100.0	100.0
No. 1 peeler	185	1.4	56	0.2	0.5
No. 3 peeler	680	5.1	1,527	4.5	5.9
Special mill	2,601	19.3	5,978	17.4	2.5
No. 1 saw	7	0.1	56	0.2	0.8
No. 2 saw	3,987	29.6	14,434	42.1	21.8
No. 3 saw	410	3.1	2,100	6.1	0.8
Mixed	4,914	36.5	7,956	23.2	35.3
Red cedar	353	100.0	1,749	100.0	100.0
No. 1	36	10.3	15	0.8	0.3
No. 2	288	81.8	219	12.5	1.1
No. 3	26	7.3	220	12.5	18.9
Mixed	1	0.2	1,289	72.5	78.8
Hemlock	59,446	100.0	29,838	100.0	100.0
Peeler	1,586	2.7	607	2.0	4.1
Special mill	12,926	21.7	3,244	10.9	12.5
No. 1	5,410	9.1	1,107	3.7	6.1
No. 2	24,976	42.0	8,768	29.4	39.6
No. 3	5,333	8.9	2,612	8.8	11.9
Mixed	9,047	15.2	11,397	38.2	20.3
White fir	1,161	100.0	2,549	100.0	100.0
Peeler	64	5.5	70	2.7	5.0
Special mill	250	21.5	240	9.4	14.8
No. 1	107	9.2	57	2.2	4.0
No. 2	517	44.5	455	17.8	23.9
No. 3	66	5.7	78	3.0	3.6
Mixed	158	13.6	1,648	64.6	48.7

[1] Information presented for selected species and grades.

Source: Industrial Forestry Association.

TABLE 5.—WHOLESALE PRICE INCREASES FOR DOUGLAS-FIR LUMBER, SOFTWOOD PLYWOOD, AND DOUGLAS-FIR—STUMPAGE PRICES, 1960-72

Year	Wholesale Price Increases		Douglas-Fir stumpage prices in national forests [1]
	Douglas-fir lumber	All softwood plywood	
1960	89.3	113.2	$32.00
1961	85.6	110.0	27.60
1962	88.1	106.3	24.80
1963	91.5	108.9	27.90
1964	93.1	105.6	38.10
1965	92.3	105.7	42.60
1966	96.8	106.1	50.00
1967	100.0	100.0	41.70
1968	120.3	129.2	61.20
1969	131.7	139.2	82.20
1970	108.8	113.6	41.90
1971	137.6	127.2	49.10
1972	161.1	154.9	[2] 64.90
Average Annual Increase (percent)			
1960-72	6.7	13.1	8.6
1967-72	12.2	11.0	11.1
1971-72	17.1	21.8	32.2

[1] Dollars per 1,000 fbm.
[2] Average for 3 quarters of 1972: 1st quarter $56.20, 2d quarter $60.70, 3d quarter $77.70.

Source: BLS wholesale prices and price indexes, the demand and price situation for forest products, 1971-72, USDA Forest Service, July 1972.

TABLE 6.—OREGON, EMPLOYMENT OF PRODUCTION WORKERS IN LOGGING AND SAWMILLS AND VENEER AND PLYWOOD, 1961-72

[In thousands]

Year	Logging and sawmills	Veneer and plywood
1961	35.4	21.1
1962	36.1	22.3
1963	35.1	22.5
1964	37.0	24.5
1965	36.6	24.6
1966	34.9	24.2
1967	32.7	21.7
1968	33.7	22.4
1969	33.0	21.6
1970	30.6	20.6
1971	31.6	21.4
1972	34.4	22.1

Source: State of Oregon, Employment Division, Department of Human Resources.

TABLE 7.—WASHINGTON, EMPLOYMENT (ALL EMPLOYEES) IN LOGGING, SAWMILLS, AND MILLWORK/PLYWOOD, 1960-72

[In thousands]

Year	Logging	Sawmills, planing mills	Millwork, plywood prefabricated
1960	11.0	19.7	12.3
1961	10.3	18.1	11.9
1962	10.6	18.3	12.7
1963	11.1	18.2	12.9
1964	12.3	19.1	13.8
1965	12.6	19.0	14.1
1966	12.0	18.9	14.2
1967	11.8	17.6	13.1
1968	12.8	18.6	13.1
1969	12.9	17.8	13.0
1970	12.2	16.8	11.9
1971	11.7	17.7	12.7
1972	12.3	18.8	13.6
January	9.9	17.7	13.0
February	10.3	17.7	13.1
March	11.5	18.3	13.2
April	11.9	18.6	13.4
May	13.0	18.7	13.5
June	13.3	19.6	14.1
July	13.1	19.5	14.1
August	13.4	19.8	14.1
September	13.3	19.3	14.1
October	13.5	19.0	13.8
November	13.0	18.8	13.4
December	11.8	18.0	13.3
January 1973	10.8	18.3	13.2
February	p 11.0	p 19.0	p 12.9

Source: State of Washington, Employment Security Department.

APPENDIX A

SUMMARY OF LOG EXPORT RESTRICTIONS IN THE WESTERN UNITED STATES AND BRITISH COLUMBIA

MORSE AMENDMENTS TO THE FOREIGN ASSISTANCE ACT OF 1968

Part IV of the Foreign Assistance Act of 1968 (Morse Amendment) specifies that not more than 350 million board feet of unprocessed timber can be sold annually from Federal lands located west of the 100th meridian (a line running through the middle of North Dakota in the north and Texas in the south) for export. This limitation was first effective for the calendar years 1969 through 1971 and has since been extended through the end of 1973. Washington National Forests were allocated 199 million board feet of the export quota while Oregon Federal Lands were allocated 151 million.

The act authorizes the Secretaries of the Departments of Agriculture and Interior to issue regulations preventing the substitution of timber restricted from export for exported non-Federal timber. No regulations, however, have been issued. Port-Orford-cedar is exempt from this log export restriction in that it was declared surplus to domestic needs. Also exempt is Alaska yellow-cedar.

STATE OF OREGON RESTRICTION

The State of Oregon has limited the foreign export of State, County or City-owned round logs since 1961. The regulation, excluding Port-Orford-cedar, requires primary processing within the US. The State Forestry Department may issue a permit allowing log exports if no market for the logs can be found in the US. Since State lands in Oregon contribute only a small part of the total log supply this restriction has had little impact on the log export volume.

STATE OF WASHINGTON RESTRICTION

In the State of Washington there are no export restrictions on timber owned or managed by the State. Voters defeated Initiative 32 in 1968 that would have required primary manufacturing of all timber from State-owned lands to be done in Washington or within 15 miles of the border.

SMALL BUSINESS ADMINISTRATION'S SET-ASIDE PROGRAM

The set-aside program under the Small Business Act was established to aid small independent sawmills in obtaining a share of public timber harvested. A small business with less than 500 employees may participate in these special sales. To be eligible a firm must guarantee that at least 70 percent of the Federal logs purchased will be manufactured into lumber. Thus, the set-aside program has had the effect of limiting log exports from some Federal sales, although this was not the express purpose of the Act.

STATE OF ALASKA RESTRICTIONS

In Alaska there are primary manufacturing requirements on National Forest, Bureau of Land Management, and State lands. Private holdings in Alaska account for only 5 percent of total commercial forest land and about 1 percent of all commercial sawtimber; therefore, most of the timber in the State falls under primary manufacturing restrictions.

Alaskan logs cannot, in fact, be shipped to any of the other 49 states, as well as foreign countries, without being processed. Primary manufacture under the law governing National Forests is defined as cants, slabs or planks 8 inches or less in thickness through the sawn dimension. Primary manufacture of State-owned timber means that cants under 12 inches must be slabbed on two sides and cants over 12 inches must be slabbed on four sides.

BRITISH COLUMBIA LOG EXPORT RESTRICTIONS

The Province of British Columbia has, since the passage of the "Timber Manufacture Act," effective March 12, 1906, prevented the export of logs from lands owned by the Crown to areas outside the Province.

Primary manufacture is required of all timber from provincial lands, including those areas in which the timber cutting rights have beeen alienated under various types of licenses and leases. In British Columbia, over 93 percent of the 118 million commercial forest acres are covered by the provincial log export restriction.

The Lieutenant-Governor in Council, with the advice of the Export Adivsory Committee when appropriate, may authorize the export of piling, poles, and other unmanufactured timber from the Province, as well as allow the export of logs, if the logs have been offered to three potential timber buyers and no sale made. However, the timber must already have been cut and in log form before being declared surplus; this prevents the cutting of timber with the objective of exporting it. The export Advisory Committee representing loggers, manufacturers, and exporters is so constructed as to insure there will be no export of raw wood material which could beneficially have received further processing within the Province.

LOCAL UNION NO. 3-246,
INTERNATIONAL WOODWORKERS OF AMERICA,
Springfield, Oreg., April 25, 1973.

Senator MARK O. HATFIELD,
U.S. Senate,
Washington D.C.

DEAR SENATOR: As you know, the prices of lumber and wood products have been rising at a very fast rate in recent months. This raises problems, not only of general inflation, but concerning homes for low-income and middle-income people.

But despite this high demand and rapid increase in price, our International Union finds that pockets of unemployment are developing among workers in the industry. Work shifts are being eliminated and mills are being closed because of the lack and/or poor quality of logs or because their price has become so high many companies can not afford to purchase them.

There are two basic reasons for this situation:

1. The prices of logs are being bid up sky-high and logs are being exported to other countries at a time when fulfilling domestic demand requires all the logs now being cut; and

2. The funds of the US Forest Service have been reduced, making it impossible for the public forests to provide the badly-needed harvestable timber now waiting to be cut. Specifically, the funds for buildings roads and trails for the removal of logs has been drastically reduced this fiscal year from the inadequate level of last fiscal year and there has been no increase in the funds necessary for preparing timber for harvest.

We urge you to sponsor and actively support the following remedies:

1. An immediate embargo on the export of logs, squares and cants to last for a period of 6 months during which time the mechanics for a workable permanent log export policy would be formulated which would allow export of these raw resources only in adherence with good forest conservation practices and then only if they were not marketable in the United States at prevailing market prices; and

2. That the 1973–74 Federal budget appropriation for the US Forest Service be increased to a level sufficient that much-needed public forest timber may be prepared for sale in line with good forest conservation practices and to permit the Forest Service to improve their long-range forest management programs, including forest land laid waste by fire, disease, flood or other causes, so as to preserve and conserve this vital natural resource and save the important lumber and wood products industry.

For many years, the funds for reforestation have generally provided only enough money to reforest land where timber was cut. Forests laid waste by fire, disease, flood, etc, were generally not restored. This is an exceedingly wasteful policy, destructive of the best interests of the people of this nation. Now, however, the Nixon administration seeks to make matters worse by reducing the funds for reforestation by $6 million so that not even all cutover land can be reforested. In the vital interests of the future of the United States, these funds must be restored and enough added to them so that all land that should be in forests may be reforested as rapidly as possible. Furthermore, an inventory should be made of all privately-held forest land and strict reporting requirements established for the owners.

We hope to be able to tell by your actions and votes in the coming weeks and months that you have heard our plea.

Sincerely,

BENTON O. YOUNGREN,
President.

Senator PACKWOOD. Thank you, not only for appearing, but the help you have given us in the preparation of the bill. Thank you.

Ken Ford, Roseburg Lumber.

STATEMENT BY KENNETH FORD, PRESIDENT, ROSENBURG LUMBER CO., ROSEBURG, OREG.

Mr. FORD. Senator Packwood, in order to save time I'm attaching my testimony of June the 9th, 1972, given before the Senate Banking Committee at Salem, Oreg., which expresses my views clearly on the subject of log exports.

I do, however, wish to discuss the present pending bill, which relates to log exports. In principal, I am in favor of this bill as an ultimate goal; however, due to the political influence on the Nation and State and various conflicting views throughout the industry, in my humble opinion, this bill does not have a chance of being accepted. The problem of log exports today has become a political football being played by rules of self interest. However, the problem is a big concern to me, and to the future of lumber industry, and I would therefore recommend that you consider a three-step program. A bill should immediately be enacted permanently prohibiting the exploitation of Federal timber except for certain species not used commercially.

The fate of the American market is a responsibility that rests with the Congress. There should be plain, positive enforceable substitution clause. Without this any restriction is meaningless. A partial restriction on the exports of private and State timbers should be enacted at a future date, then as time dictates, there should be a further control placed on the export of private and State timber.

In closing, I want to state that I am very much in favor of control on the exporting of timber.

Senator PACKWOOD. Apart from your statement that we don't have a chance of passing this bill, I wouldn't give up on it. I think there's a very good shot on it. But what do you think of the substance of the bill?

Mr. FORD. I think it's a very good bill.

Senator PACKWOOD. What do you think, in addition to limiting export of logs, what should be done with lumber, should there be a restriction on exporting lumber?

Mr. FORD. No.

Senator PACKWOOD. No?

Mr. FORD. My reason for that is that it provides work for our people and our employment.

[The complete statement of Mr. Ford follows:]

STATEMENT OF KENNETH FORD, PRESIDENT, ROSEBURG LUMBER CO.

Senator Packwood, Honorable Members of this Committee, my name is Kenneth Ford and I am President of Roseburg Lumber Co. of Roseburg, Oregon.

I am here today to speak as an independent operator, with no motive other than presenting my view of the very grave situation facing our Industry in terms of raw material supply. I will discuss the following points:

1. Restrictions on the export of Federal Timber.
2. Economic loss to our State and Nation.
3. Loss of employee payroll.
4. The economic impact of log exports on the National balance of payment.

Roseburg Lumber Company is a privately held corporation in the Wood Products Industry. We employ approximately 4,200 people in six locations in Oregon with an annual payroll cost of 60 million dollars.

Relative to many larger corporations operating on all private timber, the impact of log exports has a very adverse effect on the independent, smaller manufacturer. Although Roseburg Lumber owns approximately one billion feet of timber, this source represents less than 10% of our total log usage. The remainder is provided largely from two governmental agencies—the Bureau of Land Management and the United States Forest Service. The entire investment of labor and capital is based on a reliable supply of wood. Due to the high dependence on this resource, any restriction on the availability of government timber has very disastrous consequences.

This may take the form of higher prices through desperation bidding, forced liquidation of our relatively small private timber holdings, and the curtailment of operations. If Roseburg Lumber had to operate solely on its own private timber base, the Company would survive for only four to five years at best.

Such an event would not only destroy the capital base of our Company but would seriously impair the base economic foundation of several economic areas due to the loss in working force. It would also eliminate one of the last large independent operations in an Industry which has seen the gradual concentration of facilities into the large public corporations.

Now, if I sound as if I have come here to threaten or startle this Committee, forgive me. I have difficulty in disguising my personal concern about the impact of these exports on the Industry, the Country and particularly future generations.

The record is filled with stories of companies who have gone out of business in the Pacific Northwest. I have said many times the prime reason for this in

ability of our forest payrolls to grow with the rest of the economy is due to the instability and shortage of ample volume of raw material—basically logs.

Since we believe in and practice the partnership concept in relation to government timber, we have continued to invest heavily in the future of the Wood Products Industry. In the area of waste recovery alone, we have recently built in our area what is quite possibly the largest particleboard plant in the world. Recently, we have constructed a huge plywood plant which encompasses 15 acres under one roof in order to salvage low grade logs. We are now making substantial investments in the kind of sophisticated machinery and equipment which will insure that we generate the maximum value from the timber we use in our plants.

Through the years of this growth, we have bid competitively for our share of government timber. In good times and bad, we have provided Communities with stable payrolls, a goal which the Federal Government seeks in the management of these resources.

In 1968, I testified before a similar Senate Committee (the Morse Hearings on Log Export Problems) when the limitation on the export of Federal Timber west of the 100th meridian was under consideration. At that time, I recommended a position for the Industry and the Government which would result in a four or five year phase out of all export of government timber. At that time, both the private and Federal sources were exporting roughly one billion feet of timber a year from the Western regions.

The intention of the Morse Amendment limiting log exports from Federal Government Lands was that there should be no substitution of logs for export except in conditions where it was not practical or economical. It seems clear that if a company buys logs in one section from government Timber Sales to process through its mills and then exports timber from an adjacent stand, it is simple substitution. But, supposing a company is buying Federal Government Timber in southern Oregon and selling private timber from the Washington State? It seems to me that if the "no substitution" rule is to work at all, it must be made "ABSOLUTE". That is, if a company is engaged in selling any of its private timber for export that company must not, under any condition or in any location, complete in the buying of American Government Timber.

While it can be argued that there are many situations in which a surplus of logs in one given area has no effect on the sale of logs and timber in another, the fact remains that the transfer of capital from one area to another can work a severe hardship against a non-exporter competing on a particular government sale. In any case, the net result has been an increase in log exports.

To provide for the exception which could occur under rate conditions where large corporations, operating entirely on their private timber, have Federal Timber put up for sale on their private road systems which economically prohibits the log buying companies from bidding on the Federal Timber, these logs could be exported. This would provide a simple, hard and fast rule which would be very easy to administer.

The wholesale shipment of our timber resources from this Country, in raw form, is a crime against the American people. It cannot and should not be allowed to continue.

As you perhaps are aware, I have in the past two days return from a business trip to Japan. In my discussions with the Japanese, they recognize the inequities of this timber export program. They recognize that the Canadians will not export logs so in turn they buy a half billion feet of lumber annually from Canada.

They are planning on buying more lumber from the Canadians and today, one of the largest Trading Companies in Japan is starting a program of shipping Prefab Houses from the U.S.A. to Japan. They told me that they felt it should be profitable and that they could move a large volume of these units.

It is fair to say that in the past year, the Japanese have been running a favorable trade balance from approximately $800 million to $1.6 billion a month at a time when the American balance of trade has been running at an alarming deficit. Stopping Log Export would improve the balance of payment.

I would like to make a simple analysis based on the following figures. These figures were taken from various export and import reports and should serve to demonstrate my point. In 1971, we exported roughly 2 billion feet of logs to the Japanese representing an export contribution of $250 million. On the other

hand, in 1971, we imported over 7 billion feet of softwood lumber from Canada representing a negative trade cost of $665 million. By converting these log exports in our own mills and replacing a portion of the Canadian imports, we would improve our trade balance over 100 million dollars.

Now, ask yourself what happens if we stop the export of Federal Timber and implement a firm program for curtailing the export of all logs. We would immediately create new capital investments, enlarge community, State and National economy, create new jobs and decrease unemployment which is a program of Federal Government.

True, it can be argued that profits from selling logs for export could be less when sold to domestic mills or the owners converting the logs to lumber. However, we have seen domestic mills competing with export log buyers. Today, the problem of an 18% exchange between the Dollar and the Yen does present a real problem.

In 1969, Budget Director, Mr. Mayo, estimated that the allowable cut in this country would increase an additional 7.8 billion feet by 1978. Instead of increasing, the cut has decreased. The allowable cut from the National Forests in this Country in 1971 was 13.7 billion feet. In fiscal 1972, which ends this month, the Forest Service will have sold 11.6 billion feet for the year. They admit they will sell even less next year. We must not forget that 45 percent of that entire Forest Service cut is taken from the forests in Oregon and Washington, and that the region is being challenged by ecologists seeking to lock up segments of that allowable cut in the unroaded areas programs which will restrict our Timber supply further.

Senator Packwood, even at the very best, there will be between 300 and 350 million feet a year eliminated from the annual allowable cut base. This reduction alone will severely impair the Forest Products Industry in our region.

Let me conclude these remarks today by pointing out that the current domestic housing starts projected for 1972 are 2.25 million units. That compares with the 2.1 million housing starts of 1971. In other words, we will build 150,000 units more this year than last.

This means our Home Building industry will require an additional 1.5 billion feet of lumber alone this year plus plywood and other wood products. This is at a time when we are exporting 350 million feet of Federal Timber outright and nobody knows how many feet indirectly through the substitution practices of some companies.

There will be testimony by some people and groups opposing a new law replacing or extending the Morse Log Export Amendment. If the following items are examined, the balance is very heavy in favor of stopping all Log exports. Results of continued Log Exportation would be:

1. Loss of jobs and payrolls resulting in more unemployment.
2. Loss to small, private companies as well as some large companies.
3. Loss of economy base for income from Communities, State and the Nation.
4. Continued support of a negative balance of payment.

We have postponed too long the stopping of the Exportation of Logs from Federal Lands. If we do not take action and stop it now, sheer necessity will do so. I want to be on record as strongly advocating a program that would stop the exportation of American Timber in all but certified surplus situations.

Let me conclude by saying, we at Roseburg Lumber Company recognize our responsibilities to the people whose livelihood is dependent upon our operations; we recognize our responsibilities to the population as a whole in reforestation and in maintaining environmental standards acceptable to all people, even as we acknowledge that there must also be a harvest of this resource to help provide the economic base for this Country. The Government end of this partnership has been moving much too slowly in recognizing its responsibilities in maintaining its share of the wood supply for America. When considered from the standpoint of ecology or industry, each log exported abroad today is a price the American Consumer must ultimately pay.

Senator PACKWOOD. Okay. Thank you. I appreciate you coming down to Portland to testify this afternoon.

Mr. Curtis and Mr. Slocum.

STATEMENT BY ARNOLD B. CURTIS, REPRESENTING THE NORTHWEST HARDWOOD ASSOCIATION, PORTLAND, OREG.

Mr. CURTIS. Senator Packwood, I am representing Mr. Slocum, who was called out of town, and the ultimate purpose is that——

Senator PACKWOOD. Speak right in the microphone and loudly.

Mr. CURTIS. I just wanted to let you know just what I was doing on behalf of Mr. Slocum.

In formulating your bill, S. 1033, which, we believe, is limited in its scope to the restriction of an export of soft wood logs. The Northwest Hardwood Association asks that it be rephrased to include all hardwood logs from the Pacific Northwest. It is our understanding that some lumber is now being exported from Everett, Wash. We just ask that this export be quickly as possible, be prohibited of any hardwood logs, and be instituted in the clause—in the intent of this bill.

The hardwood industry in the Pacific Northwest consists of some 14 major sawmills cutting 750,000 feet more each month, and about 40 small sawmills cutting a lessor amount. This represents close to an $8 million annual payroll. All of this is consumed in the domestic market of the United States, primarily cabinet and furniture industry. During the first and fourth quarters of this year, this volume was cut from 20 to 25 percent due to the raw material shortages at the mill level. This is now and always has affected the ability of the sawmills to maintain a consistent flow of lumber to the marketplace. This year the problem is more acute than normal due to primarily a lack of interest on the part of the people who log, and the people that own timber to log hardwood when the export market is paying extremely high prices for carnivorous logs. Everyone, including the Federal Government and State department who handles log sales seem to be concentrating on the output of logs into the exporting market, leaving the domestic sawmills with the leftover logging that developed, and won't fit the export requirement.

Hardwood logging prices have increased 65 to 80 percent and try to keep pace, and encourage harvest with little effect. The harvest of hardwood logs has been greatly reduced, and will remain so as long as the export is taking so much of the States' and Federal output of softwoods. Domestic mill, without direct stumpage ownership, depending on timber from the governmental agencies, small landowners, and large companies, is being forced to reduce cuts, are actually closed down it's mill operation due to the serious lack of raw material.

The existing shortage of shop grades of coniferous lumber is placing an even heavier burden on the already over-extended hardwood lumber market.

In summary, the hardwood sawmills of the Pacific Northwest are already short of raw material and export movement of hardwood logs would only add to the already acute problem. The effect of the lack of raw material is being felt by all manufacturers of hardwood products in the Pacific Northwest and other parts of the United States. The impact on the economy of the Northwest States could be quite drastic if this country or if an export activity should cause an

even greater shortage. The control of exporting logs will not solve all problems of the hardwood industry. It will certainly have a direct and healthy effect on the economy of hardwood—the hardwood industry.

Senator PACKWOOD. Let me thank you. I want to assure you that the staff of the committee is now determining steps to solve the problem of the hardwood industry. It was not something that was brought to our attention until very recently, and, incidentally, we were thinking in terms of softwood at the time the bill was drafted, but your statement and the following statements are good illustrations of information we have received. I can't make a guarantee or promise to you, because it was only a short time ago that the problem was brought to our attention. I appreciate your taking the time to come down. Go ahead.

[The statement of Mr. Slocum follows:]

STATEMENT OF C. L. SLOCUM, DIRECTOR, NORTHWEST HARDWOOD ASSOCIATION

Members of the committee, in formulating your bill S-1083, which proposal by Senators Church, Cranston and Packwood is limited in its scope to the restriction of export of *softwood* logs, the Northwest Hardwood Association asks that it be rephrased to include all hardwood logs from the Pacific Northwest.

It is our understanding that some Alder is now being exported from Everett, Washington. We ask that such export be stopped as quickly as possible, and a prohibition of export of any hardwood logs be instituted by its inclusion in the text of this bill.

The hardwood industry in the Pacific Northwest consists of some 14 major sawmills cutting 750,000' or more each per month and about 40 smaller mills cutting lesser amounts. This represents close to an 8 million dollar annual payroll. All of this is consumed in the domestic market of the United States, primarily by the cabinet and furniture industries.

During the 1st and 4th quarters of each year the volume is cut from 20% to 35% due to a raw materials shortage at the mill level. This is now, and always has, affected the ability of the sawmill to maintain a consistent flow of lumber of the market place. This year the problem is more acute than normal due primarily to a lack of interest on the part of the people who log and the people that own timber to log hardwood when the export market is paying the extremely high prices for coniferous logs. Everyone, including the Federal Departments and State Departments handling log sales, seems to be concentrating on the output of logs into the export market, leaving the domestic sawmill with the accidental volumes that develop and won't fit the export requirement. Hardwood log prices have increased from 65% to 80% in trying to keep pace and encourage the harvest of hardwood with little effect. The harvest of hardwood logs has been greatly reduced and will remain so as long as the export demand is taking so much of the State's and Federal log output of softwoods.

The domestic mill, without direct stumpage ownership, depending on timber from the governmental agencies, small land owners, and large companies, is being forced to reduce cuts or actually close down its milling operation due to the serious lack of raw material. The existing shortage of shop grades of coniferous lumber is placing an even heavier burden on an already over-extended hardwood lumber market.

In summary, the hardwood sawmills of the Pacific Northest are already short of raw material. Any export movement of hardwood logs would only add to an already acute problem. The effect of the lack of raw material is being felt by all manufacturers of hardwood products in the Pacific Northwest and other parts of the United States.

The impact on the economy of the Northwest States could be quite drastic if this continues or if any export activity should cause an even greater shortage.

The control of export logs will not solve all the problems of the hardwood industry, but it will certainly have a direct and healthy effect on the economy of our hardwood industry.

Mr. CURTIS. Senator Packwood, my name is Arnold Curtis. S. 1033 to amend the Export Administration Act of 1969 by specifically limiting the export of coniferous timber would invite the exportation of hardwood timber unless other restrictions were also placed on the hardwood.

A viable hardwood industry does exist in the Northwest and relies primarily on Pacific coast alder as its source of raw material. The alder normally grows in mixed stands, with the coniferous species, and is harvesting and delivered to hardwood sawmills and pulpmills during the course of conifer harvesting. There are approximately 50 primary manufacturers of hardwoods in Oregon and Washington that purchase hardwood logs and convert them to lumber. The annual lumber production is approximately 100–120 million board feet per year and the total annual payroll is approximately $8 million. The primary manufacturers are all those in the small businesses typically owner-operated and privately held. The industry association and the individual companies are small in financial size when compared to the large softwood companies and softwood associations, and as a result cannot afford professional lobbyists to present their case before Congress or its committees. The primary manufacturers rely almost exclusively on raw material from land owned by other companies or individuals in the Government and own very little timber land and/or timber.

In addition to the primary manufacturers, there are approximately 1,200 other companies in the States which are secondary users of the hardwoods from the Northwest who produce primarily furniture, cabinets, and other home furnishings. Over half of these users are located in California, Washington, and Oregon and employ an estimated 45,000 people in their wood related operations.

At least two shipments of Pacific coast alder logs will have been exported to Japan from the port of Everett, Wash., during the past 6 months, and it has been reported that certain Japanese users can utilize alder in lieu of hemlock for certain of their white wood usages, even though the alder is less desirable than hemlock and does tend to deteriorate during transit. The primary producers of alder in the Northwest have been short of an adequate log supply during the past year partially as a result of harvesters passing the hardwood to get to the second growth conifers for the export market, but even more substantially as a result of increasing demands from the furniture manufacturers for additional raw material.

The exportation of hardwood logs from the Northwest will most likely result in either dramatically higher prices for lumber products, or more likely unless production of smaller and financially weaker companies discontinue hardwood production. We ask that you recognize the existence of the hardwood industry in the Northwest and that any legislation to restrict the export of coniferous logs be evaluated in the light of the potential impact on the hardwood industry as well as the softwood industry.

One other point that I would like to add is that I was recently discussing the subject with some southern hardwood lumber companies that I do business with, and they have received reports prior to this that throughout the South there was some movement to begin

establishing export markets in some Gulf States for hardwoods, and that in this case some—the same type of thing was happening, about 2,000 small wood companies would be affected by the legislation if it restricted softwood and not hardwood.

Senator PACKWOOD. Thank you, again, for bringing this problem to our attention. As I say, we have not given extensive attention to this problem. Thank you.

Larry Williams and Russel Jolley.

STATEMENT BY LAWRENCE F. WILLIAMS, EXECUTIVE DIRECTOR, OREGON ENVIRONMENTAL COUNCIL, PORTLAND, OREG.

Mr. WILLIAMS. Senator Packwood, in the interest of time, I will be testifying alone for the OEC. My name is Lawrence F. Williams, executive director of the Oregon Environmental Council.

The Council endorses Senate Bill S. 1033 calling for an end to log exports from public and private lands. We feel, however, that additional steps will have to be taken to correct a serious situation which threatens our future timber supply. The primary interest of the council is in proper land use and conservation, that is, wise use of our resources. Least anyone be tempted to think that standing timber is not a resource of great significance, let me point to a recent land exchange whereby Boise-Cascade gave up 10,850 of second-growth fir for a mere 600 acres containing 23 million board feet of old growth fir, a net loss of 10,250 acres of high quality timber-growing land.

But I'm afraid that all the signs indicate that there are dark days ahead for the Northwest timber industry, especially for mills that will be dependent upon purchased timber and logs. The reason is simple. The Douglas-fir supply study, published by the Forest Service in 1969, predicts that, continuation of current trends of private log production in western Oregon and southwest Washington would lead to a 65 percent reduction in annual private harvests within 30 years, or a decline of 2.6 billion board feet.

Each year since that report, the rate of private timber harvest has exceeded the rate which was assumed in making that prediction, and everyone here knows that the current rate of private harvest is much greater than in 1969, meaning that the projected bottoming-out of private harvests in the region will occur much earlier than predicted, perhaps in 15 years instead of 30.

Soon there will be no reserve of the old growth that we have feasted upon for so many years, and unfortunately, there will be relatively little mature second growth to take its place. Why? Because unlike the public forest lands, the region's private forests have, for the most part, not been managed on anything resembling an even-flow sustained-yield basis. What is occurring, in fact, is over cutting on a vast scale, and in that are the makings of disaster for the Northwest forest industry.

Mr. High Bannister, of the Western Pulp and Paper Workers Association correctly states that if log exports continued unchecked there will be no small lumber companies in Oregon. The more fundamental problem, however, if the excessive rates of cutting the

Northwest forests which will have an even more deadly and far-reaching effect on the Northwest forest industry and its employees. There is no one in this room who imagines that the rate of cutting can be maintained. The source is not inexhaustible. It is indeed renewable, but only at a pace set by nature, not by man. How much work do the protesting longshoremen expect to have when the volume available for export falls to a fraction of its present size; when Weyerhaeuser, Washington Department of Natural Resources, and others have largely liquidated their old-growth stands. It is wise to look ahead at such probabilities. At the present rate of cutting, we are rapidly propelled into the so-called transition, when the old-growth will be exhausted, but when the young stands are not yet at the saw timber stage.

In order for the regional timber economy to successfully weather the coming period of timber shortage with the least trauma, we must do three things: one, stop the export of logs as provided for in S. 1033, and——

Senator PACKWOOD. One minute, Larry.

Mr. WILLIAMS. Yes. We must provide that information on each ownership of private timber lands, such as standing timber lands by age class, and annual harvests from these lands, be available to the public. It is certainly the public's right to know how these vast timber lands, so important to our economy, are being managed. It is too much to assume, as the companies would have us assume, that these lands are being managed in the best interest of the public.

Thirdly, and most importantly, we must take steps to lower the rate of private harvest to a level which will provide an even-flow sustained-yield of timber to the regional economy.

I think testimony earlier today is—has reinforced our belief that indeed we must have some kind of disclosure of what the stand condition is on our forestry if we can determine whether we have a surplus to export. We're not against exports, if indeed we have a surplus of raw material available.

Senator PACKWOOD. Larry, let me ask you this: you've testified, I believe, before on the subject of over cutting on private forests. You've got serious questions about the cutting on the public forests. If we reduce the cuts in the public forests, and the private forests, what would the restriction do for wood and how could we get it——

Mr. WILLIAMS. I think we've got to face that sooner or later and the sooner we face it the better off we are going to be. It may well be that if we maintain a stand on yield flow, as we should be, for both forests, we may have to become importers of the raw material. None of us would like to see this. It would be far better to do that than to over cut our land and be practically without over a period of several decades.

Senator PACKWOOD. At least testimony is that's what Japan is doing now. They have forests that they chose to——

Mr. WILLIAMS. Japan decided not to harvest many of their forests providing other benefits, which are superior to logs available and have decided that importing is our—our forests.

[The full statement of Mr. Williams follows:]

STATEMENT OF THE OREGON ENVIRONMENTAL COUNCIL

I am Lawrence F. Williams, Executive Director of the Oregon Environmental Council. The Council maintains offices at 2637 S. W. Water Street, Portland, Oregon 97201, and is a coalition of 85 conservation, sportsman and planning organizations and approximately 2,000 individuals in the State of Oregon.

The Council endorses Senate Bill S. 1083, calling for an end to log exports from public and private lands. We feel, however, that additional steps will have to be taken to correct a serious situation which threatens our future timber supply. The primary interest of the Council is in proper land use and conservation, that is, wise use, of our resources. Lest anyone be tempted to think that standing timber is not a resource of great significance, let me point to a recent land exchange (*1*) whereby Boise Cascade gave up 10,850 acres of second-growth fir for a mere 600 acres containing 23,000,000 board feet of old growth fir, a net loss of 10,250 acres of high quality timber growing land. Let no one be fooled; commercial saw timber is the resource we are all talking about, the life's blood of the timber industry. Our planning must be in terms of this resource. It is simply stated in the March 28, 1973 issue of Marple's Business Roundup, (*2*) "What the (forest) industry needs more than anything else is dependability of supply." In other words, maintenance of a healthy and stable timber economy requires an even-flow of timber from forest to market.

But I am afraid that all the signs indicate there are dark days ahead for the Northwest timber industry, especially for mills that will be dependent upon purchased timber or logs. The reason is simple. The Douglas Fir Supply Study, (*3*) published by the Forest Service in 1969, predicts that, "Continuation of current trends of private log production in western Oregon and southwest Washington would lead to a 65% reduction in annual private harvests within 30 years, or a decline of 2.6 billion board feet."

Each year since that report, the rate of private timber harvest has exceeded the rate which was assumed in making that prediction, and everyone here knows that the current rate of private harvest is much greater than in 1969, meaning that the projected bottoming-out of private harvests in the Region will occur much earlier than predicted, perhaps in 15 years instead of 30.

Soon there will be no reserve of the old-growth that we have feasted upon for so many years, and unfortunately, there will be relatively little mature second-growth to take its place. Why? Because unlike the public forest lands, the Region's private forests have, for the most part, not been managed on anything resembling an even-flow sustained-yield basis. What is occurring, in fact, is overcutting on a vast scale, and in that are the makings of disaster for the Northwest forest industry. The so-called Duerr Report, (*4*) published by the Forest Service in 1968, clearly pointed to the problem which we are going to face. "More rapid cutting of old-growth timber . . . could lead to a greater aggregate cut of timber . . . This could only be achieved, however, at the expense of disrupting the timber industry in the future when it would be necessary to *lower available supply* to the longrun regulated forest potential . . . Within the region's forest industries, expanding plant capacity and accelerating the cut . . . would, of course, lead in turn to later declines in log supplies." (p. 102) That's putting it rather plainly, I think.

Mr. Hugh Bannister, of the Western Pulp and Paper Workers Association, correctly states (*5*) that "if log exports continue unchecked there will be no small lumber companies in Oregon." The more fundamental problem, however, is the excessive rates of cutting of Northwest forests, which will have an even more deadly and far-reaching effect on the Northwest forest industry and its employees. There is no one in this room who imagines that the rate of cutting can be maintained. The resource is not inexhaustible. It is indeed renewable, but only at a pace set by nature, not by man. How much work do the protesting longshoremen expect to have when the volume available for export falls to a fraction of its present size; when Weyerhaeuser, Washington Department of Natural Resources, and others have largely liquidated their old-growth stands. It is wise to look ahead at such probabilities. At the present rate of cutting, we are rapidly propelled into the so-called "transition" period, when the old-growth will be exhausted but when the young stands are not yet at the saw timber stage. As the Forest Service's Duerr Report so quaintly puts it, "An excessively great acreage of forest in an age class of

stands younger than rotation age . . . may lead to a *marked departure from even flow* during the transition period." (p. 91)

Any expectation that timber harvests from federal timberlands can be increased to make up the timber supply deficit will certainly be in vain. The American public will not stand for breach of the even-flow sustained yield principle for our federal forests.

At the same time, neither the administration nor the Congress have shown much interest in funding for reforestation of unstocked timberlands on the national forests. On top of this, Forest Service self-deception is coming home to roost as they belatedly perceive that the public considers other uses of the national forests, such as soils, watershed, wildlife, and recreation, to be very important. Timber on those 70–100% slopes, for example, which the Forest Service has kept in the full allowable cut base for all these years, is often not loggable by conventional means, and in many cases should not be logged at all. The Chief of the Forest Service has made it clear in recent statements (*6*) that future timber harvests will take place only with proper regard for *all* the valuable resources of the national forests and in the context of sustained yield.

In order for the regional timber economy to successfully weather the coming period of timber shortage with the least trauma we must do three things:

1. Stop the export of raw logs, as proved for in S. 1033;
2. Provide that information on each ownership of private timberlands, such as standing timber volumes by age class, and annual harvests from these lands, be available to the public (and the tax assessor). It is certainly the public's right to know how these vast timberlands, so important to our economy, are being managed. It is too much to assume, as the companies would have us assume, that these lands are being managed in the best interest of the public.
3. Third, and *most important*, we must take steps to lower the rate of private harvests to a level which will provide an even-flow sustained-yield of timber to the regional economy

Weyerhaeuser Company, the largest single exporter of logs, is harvesting its Washington and Oregon timber holdings as a rate estimated to be in excess of 3 billion board feet per year, (*7*) roughly half of the total industrial forest harvest for Washington and Oregon. The Company's program of accelerated timber harvest will certainly aggravate the approaching timber supply crisis in the Northwest. Their objective is clearly maximization of profits, much of which are being invested in forest enterprises in other parts of the country, particularly the southeast. In this case, what may be good for this Corporation is obviously not good for the Northwest. Many forest products companies in the Northwest are reluctant to speak out against the export of logs because Weyerhaeuser has them coming and going. In addition to its 600 million board feet of export to Japan, Wyerhaeuser last year sold 785 million board feet of logs and timber to domestic customers of its own choosing. (*7*) If these firms take a public stand against the exports, the Company could simply deny them further timber—hence their silence.

At the same time, Weyerhaeuser Company, as the prime example, has shown a callous disregard for the land. Long considered one of the better and more conservative outfits, the Company in recent years has become notorious because of documented mistreatment of watersheds such as the Toutle (*8*) Millicoma, (*9*) THE Kalama, (*10*) and the Molalla. (*11*) The picture of the block-long log jam in the Kalama River was stunning, as was the statement of Weyerhaeuser spokesman, Murray Mason, who admitted to the industry's part in silting, saying that a certain amount is necessary and an unavoidable part of the business (unavoidable indeed, if one logs watersheds in the Weyerhaeuser style). Mr. Mason claimed that logging companies practice conservation in "other ways" that balance the damage done. We would like to hear *one* such way. Weyerhaeuser's logging practices on their holdings in the Molalla basin were characterized as "poor" by the Oregon Department of Environemntal Quality. The Company's treatment of their Molalla holdings was a classic case of "cut out and get out" and exemplifies in microcosm what they are doing to their Northwest holdings in general, i.e., overcutting together with mistreatment of the land. When the Company was giving excuses for failing to practice sustained-yield on their Molalla holdings, they maintained that the Molalla operations was simply part of a much larger "working circle." Citizens of this region someday may have to take solace in the knowledge Weyerhaeuser's Northwest holdings were simply part of a larger, world-wide "working circle."

The Washington State Department of Natural Resources, which rivals Weyerhaeuser as an exporter of logs, also has as its objective a maximization of monetary return from its timber lands. These state-owned timberlands are being managed with little concern for the regional economy. Illustrative is the incredible statement (*12*) by the Department of Natural Resources Commissioner Bert Cole that there was "*nothing the state could do*" to ease the lumber shortage created by export of logs from state-owned lands. In spite of the fact that it is a state agency, the Department of Natural Resources has not recognized a responsibility for conserving its timber resource so as to help carry the state's forest industry through the transition period, much less that of the region. While not as notorious as Weyerhaeuser, the Department of Natural Resources has demonstrated little concern for watershed and scenic resources. An inspection of the recent logging operation on Rain Creek, near Swift Creek Dam, (*13*) reveals a clear case of land management, with very steep slopes logged right down to the creek. Naturally, these slopes are now eroding and slumping badly. Other recent Department of Natural Resource logging operations, at Archer Mountain (*13*) and near Stevenson (*13*) on the Washington side of the Columbia Gorge, have made scars which will deface that scenic area for many years.

Together, Weyerhaeuser Company and the Washington State Department of Natural Resources account for close to one-half of the total log export. Together they are responsible for a precipitate liquidation of precious timber reserves and for unacceptable damage to the land and to watersheds. Perhaps, as Bert Cole says, there is "nothing the state can do" about the situation, It is therefore a responsibility of the federal government to curb these excesses so as to save the Northwest from the unpleasant consequences. Step number one is to halt the export of raw logs as provided in S. 1033. But we urge the committee to go further. We earlier suggested that private timber companies be required to reveal the extent and condition of their holdings. This type of information will enable all concerned to have a better assessment of the total timber supply. This is a necessary step in planning for the future timber operations.

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TWO FIRMS EXCHANGE LAND, TIMBER

A land and timber exchange involving more than 11,000 acres in Oregon and Washington was announced Friday by Pope & Talbot Inc. and Boise Cascade Corp.

According to the announcement, Pope & Talbot is exchanging 600 acres with 23 million board feet of old growth timber in Polk County for 10,850 acres of second growth timber in Kitsap and Mason counties, Wash. The latter is a major portion of the Nettleton tract which was acquired by BC in 1969 from Nettleton Lumber Co

"This is an advantageous trade for both parties," Pope & Talbot president Guy B. Pope said. He noted that the Oregon timber is near BC's Independence plywood plant and the acreage P&T receives will increase its holdings in the Puget Sound area to 85,500 acres.

"The annual allowable timber harvest available at our Port Gamble operation will increase by 15 per cent," he added.

State Log Crisis Seen

Oregon is in the midst of a "major timber supply crisis." Rep. Bill Markham, D. Riddle, told the Oregon House Labor and Industrial Relations Committee Monday night as it took testimony on a bill aimed at restricting log exports.

Representatives of wood products industries, labor and home building trades offered principally critical views on continued export of logs to Japan.

THE MEASURE (HBm 2641) would require timber harvested from private lands (except Port Orford cedar) to get a permit from the Oregon Department of Forestry to be processed abroad.

Opponents argued the bill would aggravate critical domestic shortages of softwood lumber and plywood needed for the United States home building market.

They charged mills in this area are now at peak or near peak capacity, and a ban on exports would eliminate 40 per cent of the shipping jobs.

"A log export ban would increase domestic price levels, not lower them," argued Oscar Weed, local Weyerhaeuser Co. executive.

Weed said only 5.5 per cent of all U.S. logs were exported last year, and Oregon's share of the national export total was less than one per cent.

Hugh Bannister, Portland, president of the Association of Western Pulp & Paper Workers, claimed that "if log exports continue unchecked there will be no small lumber companies in Oregon."

Longshore representative Gen. Bailer, Coos Bay, said there are now 310 longshore jobs here, and a ban on exports would throw 124 people out of work, and related industries also would suffer.

State Can't Help Log Shortage

State Land Commissioner Bert Cole Monday told the Senate Ways and Means Committee there was nothing the state could to to ease the lumber shortage created by the export of logs from stateowned land.

Cole said federal law prohibits states from taking actions which hinder interstate or international commerce.

Don Lee Fraser, supervisor of administration on Cole's staff, said that even if log exports could be curtailed, it wouldn't do any good.

He said the Japanese, who are the biggest log importers, would merely buy logs from private land and there would be no over-all increase of lumber on the domestic market.

Fraser said about 20 per cent of the logs currently being exported come from state-owned land.

In another area, Fraser asked the committee to give the Department of Natural Resources nearly $320,000 more than Gov. Dan Evans has proposed in his budget to manage timber sales.

He said the current heavy demand has meant record amounts of logging on state-owned land and a corresponding increase in the need for surveillance officers.

Marple's Business Roundup—March 28, 1973, No. 605

Business in the Pacific Northwest looks good—in spite international monetary problems and the bad news the stock market tries to tell. Employment, building up throughout 1972, grows now even faster. In the first 2 months this year the increases, notably in Oregon, seem little short of astonishing.

Preliminary totals for mid-February put the number of wage and salary workers in Oregon at 785,800, up 54,400 from a year ago or 7.5%. Idaho had the next fastest gain with employment of 230,200, up 12,400 or 5.7%. Washington reported 1,104,400, up 51,500 or 4.9% and Montana 235,300, up 6,000 or 2.6%. In all, the 4 states increased by 124,300 or 5.6%, Just as a rough approximation that represents about $1-billion in added annual payrolls.

The increases are spread quite generally throughout industry and include a lift in the construction industry with more open weather. Oregon's lumber and plywood industry was up 4,600 or 6.5% from a year ago, and electronics and

electrical equipment was up 1,800 or 20%. In Idaho the manufacture of mobile homes and recreational vehicles continues to rise. In Washington employment in aerospace moved up to 47,900, a gain of 900 in a month and 8,800 in a year.

But in each state the largest increases come in secondary employment, particularly retail trade, finance and services—activities which follow expansion in manufacturing and agricultural incomes.

For perspective on "the lumber mess" here in oversimplification are 3 underlying factors in the situation that has become critical for the basic forest industry:

First, the high prices for lumber and plywood that drove builders to last week's "march" on Washington, D.C., result essentially from the record volume of residential construction, not log shortages. An industry geared to supply materials for 1.5-million housing starts a year doesn't have the capacity for 2.4-million. As shortages grew, buying became desperate and prices rose.

Some immediate expansion in supply, it is true, would come if mills could get enough logs to add a shift or go on overtime, as shown in Hal Mayhew's study for the Home Builders Assn. of Metropolitan Portland. But mills also find that their men don't want continuous overtime. Some mills, cutting small cruddy logs, say they could increase their output per man and per shift if they could get their hands on logs of the quality that go into export.

Second, for mills dependent (as most are) on year-to-year purchases of public timber the big worry is not today but one to two years down the road. This is the heart of the controversy over federal timber policy. Mills cannot pay export prices for logs and cut that raw material into lumber and plywood even at present markets. The squeeze for each mill will come when it runs out of its relatively low-cost timber and logs.

The government proposal Monday to step up sales of Forest Service Timber is important longer-range but does not bear on this year's lumber-plywood markets. What the industry needs more than anything else is dependability of supply.

Third, the issue of log exports, confined to western Washington and western Oregon, divides the haves (notably the big suppliers in exports—Weyerhaeuser and the

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PRIVATE TIMBER HARVESTS IN SOME PARTS OF THE REGION WOULD DECLINE

Over half the timber harvested in the Douglas-fir Region comes from private lands. Because this study is concerned with impacts of National Forest decisions on the timber-dependent economy, and because that economy depends also on private actions that may be influenced by public timber activity, it was necessary to consider how private timber harvesting might change. First, it was assumed that private cutting would continue along present trends, without significant intensification of management on private lands beyond practices already established. As a second alternative, it was assumed that private timber owners would adjust their timber cut to offset changes in public log harvests in an attempt to keep total log harvests level.

Continuation of current trends of private log production in western Oregon and southwest Washington would lead to a 65 percent reduction in annual private harvests within 30 years, or a decline of 2.6 billion board feet. About one-half might be offset by adoption of high intensity management with the shortest rotation on National Forests.

If, instead, private industrial timber land-owners elected to sustain even timber flow from the Region by reducing their cut to offset increases in National Forest harvests, and of low intensity National Forest management were practiced, private inventories of merchantable timber would be largely depleted within 40 years. After that time, only trees growing into the lowest merchantable size class would be available for cutting. If high intensity management with rotations 30 years shorter than at present were introduced on National Forests, and private owners would produce a constant annual harvest of sawtimber (the even-flow concept)1 private cutting would be sustained for 60 to 80 years.

In northwest Washington, present levels of cutting could be sustained indefinitely on private and National Forest lands without intensified management.

EMPLOYMENT IN TIMBER INDUSTRIES WOULD DECLINE

Even if present levels of timber harvest in the Douglas-fir Region were sustained until 1980, employment in the manufacture of forest products would decline from 151,000 to an estimated 130,000 because of increasing productivity per worker. During the same period, employment in supporting jobs attributable to timber would decline about 46,000.

If the combination of timber practices of all owners were to include sufficiently widespread adoption of high intensity management to increase total annual timber output by 20 percent, timber manufacturing employment would be 26,000 above current employment and supporting employment would be about 57,000 higher.

Fifty-seven percent of the total gain or loss in prospective employment would occur in major metropolitan areas despite the limited movement of logs beyond the areas in which they are produced and the fact that timber accounts for 40 to 80 percent of basic employment in rural areas.

PROBLEMS AND OPPORTUNITIES OF THE TRANSITION PERIOD

The purpose of this final section is to examine briefly the last of the three questions asked in the introduction to this chapter. What are the possibilities if forest management were intensified faster than present trends suggest and if the subregion's old-growth timber were converted to young-growth more rapidly than is now intended, and what problems are likely to arise during such an accelerated transition?

There are, of course, many alternatives to the output that is in prospect with present trends. Future cutting levels can be varied over a rather wide range, depending particularly upon cutting policies relating to old-growth stands. Management programs can be of greatly different intensities.

Possibilities for increasing timber output depend, for example, on the degree to which reforestation technology is further developed and investments in planting accelerated beyond the levels assumed in Appendix C. Such action could assure prompter replacement of harvested stands and early restocking of the extensive backlog of cut over nonstocked lands in the region. Improved planting techniques are of critical importance in making possible an increase in cuts.

More rapid development of thinning, salvage cutting, prelogging, relogging, or other types of cutting associated with intensive management could also permit larger timber harvests in both the short and long run. Such intensification of utilization will depend upon existence of markets for the material produced. This in turn will depend in part on the rate at which old-growth timber is liquidated and the general growth of demand for lumber and other wood products in the Nation's markets.

More rapid cutting of old-growth timber also could lead to a greater aggregate cut of timber, both over the next few decades and over the coming century. This could only be achieved, however, at the expense of disrupting the timber industry in the future when it would be necessary to lower available supply to the longrun regulated forest potential, and only if successful conversion to well-stocked young stands could be assured.

In the case of forests with a considerable excess of age classes beyond rotation age, a more rapid harvest of old growth could produce a greater total yield over time than with present trends because the growth of young stands is greater than in old-growth forests. One trial projection of such accelerated conversion, for example, indicated that total yields during the next century might be increased as much as 12 percent by such cutting policies.

By shifting capital out of low efficiency uses to higher efficiency uses in forestry or other business alternatives—acceleration of cutting—the total level of regional and national income and employment might well be increased. *Within the region's forest industries, expanding plant capacity and accelerating the cut at this time would, of course, lead in turn to later declines in log supplies.*

Accelerating the cut of old-growth timber in the short run also would undoubtedly act to depress prices of stumpage and manufactured products to some are at the same time stands above rotation age, latter can be harvested to make up the insufficiency of the former. Indeed, if there are no non-

stocked areas and if none of the age classes under rotation age exceeds its ideal share of total acreage (if no bars project through the top of the rectangle). then the overage areas are just enough to make up the insufficiency. In this case, an ideal age-class distribution can be reached by the end of one rotation. And even during this rotation, there need be no departure from even flow —that is, from generally equal or increasing outputs from period to period of 5 or 10 years or more.

The foregoing propositions are abstract. The ideal distribution of age classes is more a general planning guide than a specific goal for any forest owner or for any community. Even in countries where forests have been under management for generations, few examples of mathematically exact forest regulation are to be seen. In practice, the rotation is a general and flexible idea, and so is age-class arrangement. On any forest property or group of properites, cuts vary from year to year and from decade to decade; the quantity of timber currently reaching rotation age is seldom identical with the current cut; and the discrepancy is remedied by harvesting older or younger stands. However, the ideas of rotation length, age-class distribution, and even flow are still very useful for analyzing the problems of transition in the Douglas-fir subregion.

Even flow of timber.—It appears that the circumstances which may lead to a marked departure from even flow during the transition period are these:

1. An excessively great acreage of forest (much more than its share in the ideal distribution) in an age class of stands younger than rotation age. This situation has developed on some individual forest properties and in some widespread communities after rapid timber cutting or extensive forest burning.

2. An excessively long rotation—one which reduces the ideal percentage of area in any age class to the point where the commonest class becomes over-abundant.

It appears in the upper left chart of figure 12 that in the Douglas-fir subregion as a whole, in all classes of ownership combined, there is no threat of reduction in the flow of timber during the period of transition as a result of a gap in age distributin. The same is true of all public holdings as a group and of all private holdings. Small private holdings appear to include an excessive acreage of stands in the 21-to 40-year age class—until it is realized that these holdings will surely be carried on a shorter rotation than 80 years. On medium sites, the average saw log rotation foreseen for small private forest holdings even in the long run amounts to only 56 years, which implies an ideal age-distribution rectangle 56 years wide and 36 percent high (i.e., each 20-year age class occupying 36 percent of the commercial forest acreage)—more than high enough to accommodate the bars in the lower right corner of figure 12. The corrresponding data for major classes of ownership are these:

[From the Oregonian, Mar. 27, 1973]

FOREST SERVICE TO SELL MORE TIMBER

The U.S. Forest Service will be looking for an additional 900 million board feet of timber to sell this year as part of the government's plan to get increased amounts of lumber and plywood to the distribution pipeline.

The additional sale will bring to 11.8 billion board feet the amount of timber to be sold this year from the national forests.

John T. Dunlop, director of the Cost of Living Council, said Monday that "because of the concern caused by continuing increases in soft wood timber and plywood prices, a government team has been assigned by Secretary (Earl) Butz, as counselor to the President on natural resources, to work on a continuing basis in the next month with the Forest Service and the Bureau of Land Management."

"We expect results from the team's work within 30 days." Dunlop added in testimony before the Senate Banking subcommittee.

In response to the questions from senators, Dunlop did not furnish any details on where the Forest Service would find the additional timber of the extra money needed to pay for getting it ready to sell. He said this would be the job of a special government group.

"The people in that group are to come in and announce how they are going to do it," he commented.

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Dunlop started a sentence in his testimony which said, "The administration will develop and implement plans to assure sale of 11.8 billion board feet in calendar year 1973 and set higher outlet goals and develop specific action plans for 1974 and 1975."

Dunlop told the senators "this is a very carefully negotiated sentence."

Following the hearing, Forest Service chief John McGuire said he sees two possible ways of meeting the timber sale goal this year.

One would involve moving up sales originally scheduled for the first part of 1974. This however could mean less timber would be sold in the earlier part of next year than originally planned, he siad.

The second method would involve spending additional funds for thinning and salvage operations, but this also could decrease later spending for nominal sales.

He said environmental consideration would be met even with demands for more timber.

"We're still going to maintain the quality of our performance. We're not just going to rush in and cut willy-nilly for bidding," McGuire said.

He said that while there would be "great reluctance" by the administration to break its spending ceiling, "I think the problem now has become so acute something will be worked out."

Timber sales require extensive studies of volume, access, soil conditions and wild life, before being ready for bidding, he said.

Major opportunities for selling more timber from national forests, the chief said, are in the Pacific Northwest, California and the South. Dunlop also mentioned that increased sales will be sought by the Bureau of Land Management, whose major timber holdings in the continental United States are the Oregon and California grant lands in Oregon.

McGuire also noted that "the timber we're selling today in most instances doesn't reach market for three years". But he added "We're hoping that if we put more in the pipeline more will come up."

In his testimony, McGuire said the Forest Service had originally set 11.6 billion board feet at its sale target this year, but reduced the amount to 10.9 billion because of its tight budget and environmental considerations.

Under questioning by senators McGuire gave some insight on how the administration budget constraint had affected the Forest Service.

He said that for fiscal year 1974 the agency had started with a budget of $854 billion, which was reduced to $457 billion by the time the President's budget requests went to Congress.

"In our view the sustained yield in the national forest system could be increased by 50 per cent given the funding," he commented in response to a question by Sen. Alan Cranston, D-Calif.

Lumber Chiefs Praise Action in Raising Cut

Spokesmen for the Northwest lumber industry praised the steps taken by the Nixon administration Monday to ease the timber shortage but said the administration should have walked a little further.

The government announced that an additional 900 million board feet of timber will be cut on U.S. Forest Service lands during the final quarter of the present fiscal year.

"We are delighted that the Forst Service will put 8 per cent more timber up for sale," said Bob Roberts of the Western Wood Products Association in Portland.

"But we would be even more delighted if the increase were 20 per cent instead."

Weyerhaeuser to Offer More Logs to Mills

A program to make more logs in Oregon and Washington available to domestic mills was announced in Portland Tuesday by Weyerhaeuser Co.

Asserting that "lumber and plywood prices are rising because manufacturing capacity is not available to meet homebuilding product demand," the company disclosed a three-point plan which it said was designed to ensure that full capacity is utilized."

The plan, as outlined by Weyerhaeuser senior vice president Chalres W. Bingham at a news conference, is tied to mills using the added logs for the domestic market as well as providing supplies to mills which are short of raw material.

There are three parts to the plan: 1. Additional logs will be made available to mills which certify they will be converted into products to meet the current U.S. demand; 2. western cedar mills will be given first opportunity at cedar logs harvested by Wyerhaeuser and surplus to its needs, and 3, some 50 million board feet of standing timber will be made available in the next two weeks to mills certifying they do not have the raw material.

A statement by company president George H. Weyerhaeuser noted that Oregon and Washington mills are running substantially at total production capacity and have available the largest inventory of sold but uncut timber in the region's history, but "some mills are encountering raw material supply problems." This, he added, was an effort to ease this problem.

Noting that cedar has been a particular problem, Bingham said western mills would have "right of first refusal" on Weyerhaeuser's surplus needs, or that they would have first chance to buy the logs.

Answering questions after the statement was read, Bingham said, "This should result in a decrease in the sale of western red cedar to Japan because the logs will be offered to western mills."

Bingham also admitted that the program would have no effect on the company's exports of Douglas fir logs. "We will continue to supply a portion of the needs of Japan," he said.

He admitted that supplying a portion of Japan's needs last year amounted to a total of 600 million board feet of exported logs. This, he added, was about the same as the previous year.

CERTIFICATION NEEDED

He compared this total to the amount of timber and logs sold to domestic producers in the two states last year which came to 785 million board feet.

Elaborating on the third part of the plan, Bingham said the 50 million board feet of standing timber is in areas already roaded and ready for harvest. However, the mills have to certify that the timber will be added to short-term supply, that they do not have raw material available and are willing to log it within the calendar year.

The company said it had increased Washington and Oregon production of lumber last year by 60 million board feet to about 1.7 billion and a further increse of 70 million board feet is planned this year. Plywood production was boosted last year by 67 million square feet to more than 800 million. The company was increased overtime and added extra shifts to increase production.

Bingham said the current lumber shortage and high prices are directly traced to the boom in housing starts. "The current pent-up housing demand will trail off by the end of this year," he asserted.

NIXON TIMBER PLAN VERBALLY ASSAULTED

A new Nixon administration plan to reduce upward pressure on forest products prices came under heavy verbal assault from Western senators Monday in housing subcommittee hearings on price increases.

Sens. Bob Packwood, R-Ore., and Alan Cranston, D-Calif., together questioned the avisability of every phase of a "four-dimensional" program of wood products program of wood products price control action outlined by Dr. John Dunlop, director of the Cost of Living Council.

Primary target of the senators was a program provision calling for an 18 per cent increase in timber sales on national forest lands over last year's 10.8 billion board foot level.

Dunlop conceded the proposed increase carries with it no assurance of increased funding for the U.S. Forest Service, manager of the national forests. He said the decision to boost supply from public forests was made by high level officials and that details of how the activity might be financed are being worked out by an "interagency task force."

Forest Service timber management capability has declined recently as budget makers for President Nixon have impounded funds for the agency in fiscal year 1973 and cut back on its 1974 budget requests.

Forest service Chief John R. McGuire explained there are two ways in which sales might be drastically increased in the next nine months.

First, the agency could speed up its sales schedule for the first half of fiscal 1974 (July 1–Dec. 31, 1973) so that more than 6 billion board feet of federal timber is sold in that time. Sales in the last half of the fiscal year would then have to be reduced dramatically since the annual harvest is set at 10.8 billion board feet.

McGuire calculated such a program might work in concert with a predicted slowdown in domestic housing construction.

A second alternative, he said, is to spend more money on thinning and salvage sales that might bring timber immediately to the market in months ahead. He warned, however, that it costs almost twice as much to process a salvage sale as a regular sale. When the Cost of Living Council ordered the Forest Service to sell 300 million board feet of salvage material last year, costs rose to the point that a 600 million board foot reduction in regular sales was required to keep the agency budget balanced.

In any event, McGuire said, the Forest Service "will not rush into the national forests and start selling and cutting willy-nilly. We just can't sacrifice quality," he added.

Other dimensions of the administration program to restrain the rise in forest products prices also came under intensive scrutiny.

Dunlop said the administration is "very serious" about the possibility of reimposing wage-price controls on a large segment of the lumber industry. Given the ineffectiveness of Phase II controls on lumber and plywood prices, however, he conceded there is "no sense" in launching a new program unless it is coupled with action to increase supplies.

Packwood and Cranston, who are cosponsors of a measure to phase out virtually all U.S. log exports in the next three years, were critical of the administration's failure to curb raw material outflow.

Dunlop reported negotiations with the Japanese government concerning the log trade have been under way for some time. He predicted a leveling off of Japanese demand for softwood logs from the Pacific Northwest.

Packwood countered that a Japanese ambassador predicted in Portland recently his nation's demand for logs will remain high for the forseeable future. The Oregon legislator also rebutted a Dunlop statement indicating there is insufficient mill capacity in the Pacific Northwest to process logs that might be gained with export restrictions.

A fourth dimension of the Nixon plan—improvement of rail distribution of forest products from the Northwest to domestic markets—was attacked by Cranston as an improbable short range solution to the lumber price problem.

[From the Oregonian, Mar. 5, 1972]

HUGE LOGJAM ON KALAMA RIVER POSES THREAT TO HOMES, WATER SYSTEM

When weather worsens, Kalama residents, county officials among them, get apprehensive in the wake of some of the worst flooding in these parts in 25 years.

Damage to public roads and installations from February floods is estimated in the hundred-thousand-dollar bracket by county road superintendent John Hannam, and the figure more than doubles when all of Cowlitz County is included.

The county is one of 11 in the state declared a federal disaster area.

Road crews patrol constantly, keeping ditches and culverts free of debris to be ready if rains increase. Sliding continues to send mud from steep, saturated hillsides down onto county roads, and bridges still lean.

However, primary threat to the Kalama water system, to fish installations and to the more than 200 residents and summer cottages along the Kalama River is the block-long log jam 25 miles up from highway Interstate 5, several miles above Weyerhaeuser Company's logging camp headquarters. Here Elk Creek adds another 8,000 cubic feet-per-second to the coursing Kalama River.

Logging crews keep busy felling trees in the area, using the clear cutting process which temporarily denudes the land until replanting and new growth can be accomplished.

The Kalama River's approximately 20,000 cubic-feet-per-second flow of white-tipped, silt-laden water (enough to supply the entire city of Portland, according to Hannam) gushes under, through and around the gigantic pile-up of logs, but the possibility still exists that, if waters rise again, the jam will either block up or dislodge, sending its tons of debris down upon the lower Kalama.

Weyerhaeuser officials told county commissioners they can't work to remove this and other smaller blockages until hillsides dry out enough to allow heavy machinery onto mud-soaked river banks—probably sometime in April. Instead, during periods of high water they position watchers nearby to warn downriver residents of change. Meanwhile, rains and thawing continue to wash debris and silt into the faces of winter steelhead struggling upstream for spawning and, according to Gordon Young at Kalama Hatchery No. 1, through pumping equipment and holding ponds for Chinook, giving fish a muddy bath as well as Kalama residents.

Public officials blame logging practices, claiming that clear cutting lays bare the steep hillsides for silt to flow unchecked into freshets. They decry the felling of trees across small streams and culverts (a practice made unlawful on large streams by recent enactment by the state legislature of the Shorelines Management Act).

Murray Mason, spokesman for Wyerhaeuser, admits to the industry's part in silting, but says a certain amount is necessary and an unavoidable part of the business. He counters that logging companies practice conservation in other ways that balance damage done.

Kalamans, whose town was founded in the 1800s by a logger, and many of whom are either loggers themselves or mill workers, take it all philosophically.

"There's been dirty water every spring I can remember," says Mrs. Lloyd Rinker, clerk in the water office. "I don't know why everyone is getting so upset this year more than any other year."

Mayor George Moawad, hoping to replace recently repaired pumping and filtering equipment and install a secondary sewage treatment facility this summer, hopes the pumps, which carry water from the river and send it through the city's hundred-year-old pipes, will last till then.

[From the Oregonian, June 15, 1972]

WEYERHAEUSER AGREES TO CHANGE MOLALLA BASIN LOGGING PRACTICES

Weyerhaeuser Co. has agreed to change its logging practices in the Molalla River Basin, state environmental quality director L. B. Day reported Wednesday.

In a report to Gov. Tom McCall, Day said the company already has begun to make improvements on its 24,000 acres in the basin.

The Department of Environmental Quality (DEQ) investigated the company after receiving complaints from citizens in the Molalla area.

"The company's worst judgment and resulting scars are evident in the placement of two short road sections on a loose hillside that sloughed into the river," DEQ reported. "These slides now are relatively stable, but far from revegetated. Some of the lesser creek bottoms still have log debris jams remaining.

"There is no evidence that the company practiced any planned reforestation, other than natural reseeding, in the first 10 or 15 years of their operation. This was the standard approach to reforestation at the time, but it was still a poor method," the department said.

However, several landslides that muddied the river last winter were natural and not caused by Weyerhaeuser, DEQ indicated.

Timber has been cut from all but 2,800 acres of the 24,000-acre tract since logging began in 1945. It will be 35 years before another major harvest can be made, DEQ said.

Cutting shade trees from the river bank increased water temperature enough to kill salmon eggs, according to the report.

Environmentalists have accused the company of "cut and run" tactics. With the tract too small and far removed from its main Northwest holdings, the company is attempting to trade the land with another company.

Vincent Bousquet, area timberlands manager for Weyerhaeuser, told McCall that "we see no problem" in implementing all DEQ recommendations.

Slides have been seeded to halt erosion, and will be reseeded if any failures develop, Bousquet said.

Consulting with fish biologists, the company is cleaning debris from streams, he said.

Weyerhaeuser will comply with the new Forest Practices Act by not building roads or logging in naturally unstable lands, he continued.

"We are building water bars on roads as they are closed. This work should be completed by fall . . ."

Conifers planted along the Molalla bank will be supplemented with faster-growing hardwoods, he said.

DEQ also investigated the 61,000-acre Crown-Zellerbach Corp. tree farm in the basin, finding it follows acceptable practices.

"Crown's logging techniques are the most modern, using sky-hook grapples and high lead riggings that break up slash and leave almost no land scarring," the department observed.

Crown roads were designed to prevent erosion, and vegetative shade strips were left along streams, according to the report.

The only recommendation directed to Crown was to continue experimenting with shade tree plantings to sustain fish life.

Day said he will look to the forest practice rules that take effect July 1 for solutions to problems similar to those in the Molalla basin. "I'll be watching the implementation closely, and expect results," he said.

Molalla Logging Criticized

Logging practices in the Molalla River basin were characterized as "poor" in past years in a report issued Wednesday by the Oregon Department of Environmental Quality.

But L.B. Day, director of the DEQ, told Gov. Tom McCall he believes Weyerhaeuser Co. and Crown Zellerbach Corp., the two largest timberland holders in the area, "are playing leadership roles" in changing timber management policies.

THE REPORT was requested of DEQ by the governor after a petition from about 500 persons from the Molalla area asked for an investigation when Weyerhaeuser announced last year it was terminating its Molalla basin operation.

Larry Williams, director of the Oregon Environmental Council, said he considered it "significant" that the investigation was made by DEQ, "an agency which has no ties with the timber industry."

He said he believes the report will have "greater credibility" coming from the DEQ "rather than from the State Department of Forestry."

The DEQ report had five recommendations for management of Weyerhaeuser lands and one suggestion to Crown Zellerbach.

Although Weyerhaeuser intends to sell or trade its 24,000 acres to consolidate holdings in other locations for better management, the DEQ report urges seeding of slide areas with grass or other vegetation, cleaning logging debris from waterways, refraining from logging or road building in unstable areas, building water bars on abandoned roads and planting fast-growing shade trees on denuded banks of the Molalla River.

In a letter to the governor appended to the DEQ report, Vincent W. Bousquet, timberlands manager for Weyerhaeuser's Southern Washington Division, pledges implementation of the recommendations.

The report commends Crown Zellerbach for its experimentation with planting of fast-growing cottonwood saplings along streams that were denuded of vegetation in past years.

Cleanup Due at Girls Camp Near Molalla

Thirty U.S. Army reserve men and 30 civilians will gather this weekend to clean up flood debris at the Clackamas County campfire girls camp near here.

Rising waters on the Molalla River flooded Camp Onahlee taking out five foot bridges, according to Miss Vi Martin, director of campfire girls camping.

Logjams on two creeks, damage to the main entrance bridge and roads silted shut are among problems left by the flooding.

Volunteers will include 30 men from the 104th battalion of the U.S. Army reserves from Vancouver, Wash., and about 30 campfire girls and parents, Miss Martin said.

They will work from 9 a.m. til 4 p.m., Saturday and Sunday, March 11 and 12. Arrangements for the work session were made by Joe Spoutsa, assisted by Marshall Jacobs, both of Milwaukie.

"Leaders and parents will furnish their own food," Miss Martin said.

Each summer the camp offers eight sessions, with 100 campfire girls attending each session. This will be the 45th season the camp has been used, Miss Martin said.

CUTTING AND RUNNING

For the residents of Molalla Oregon and Everett, Washington the New Year is providing a unenvied opportunity to see first hand what corporate greed can do for our country.

In Everett, Weyerhaeuser in closing its 36-year old pulp mill phasing out 330 workers over the next 17 months. Claiming the shutdown was forced by stringent federal water quality standards, the mill's manager, K. L. Lamb put the blame clearly on environmentalists. But John Biggs, Washington Dept. of Ecology director, stated that economic not environmental factors, cause the closure: "They just looked at the old plant and decided the cost weren't worth it."

Reducing the 4½ million gallon of sulphite liquor which flows daily from the mill into Puget Sound while perfectly possible, would not be "economically feasible, particularly in view of the pulp surplus in the world market. It is far more profitable at this time to export raw timber to Japan than continue pulp production at Everett.

Near Molalla, Weyerhaeuser is closing a logging operation upon which 84 men and a good deal of the town's economy depend. After wiping out 35,000 acres of Douglas fir, Big W is moving on to greener lands. There's simply nothing in Molalla left to harvest.

To show what a benevolent operation it really was, a Weyerhaeuser public relations man said: "When we began logging that area we thought there'd be 10 or years of work. But it's lasted years." Managing it for sustained yield was out of the question, he said, because "economics." It was far more profitable to cut faster than the timber grew.

[From the Oregon Labor Press, Oct. 10, 1969]

There's a new term that's come into use for such things as polluting, littering and stream-blocking. It's called "environmental destruction and alteration." I was reminded of it by a phone call from Vern Hamilton of Chemical Workers Local 109.

Readers probably will remember the situation that prevailed in the Willamette River a few years ago when anglers were catching salmon but not eating them. They complained of an offensive odor and a disagreeable taste. It was felt that much of the problem was caused by seepage from Doan Lake, a holding pond in the Linnton area of Portland, into which herbicidal effluents were discharged by a chemical company.

When confronted with the situation, the company changed its operation to eliminate the problem. Now, according to Hamilton, "the lake never looked so good."

"It's getting clear as a crystal," he reported to me. "Even the ducks are back."

"Great," I said, but then Vern countered: "But that isn't what I called you about. There's another problem, up on the Molalla River. They've been logging up there and left a lot of trees and broken branches in the river and I don't see how the salmon and steelhead can get through to the spawning beds upriver."

Because I know the Oregon Game Commission and the State Fish Commission have gone to considerable effort to keep the Molalla clear of debris, I was

interested in Vern's complaint. So, early the next morning, he and I took off for the Molalla.

I found that the problem exists in a stretch of the main river near the confluence of Gawley Creek, about 15 miles above the town of Molalla in Clackamas County. As I looked downriver from Gawley Creek. I concluded that Hamilton wasn't exaggerated when he said it would be all but impossible for adult spawning fish to get through. As a matter of fact, I thought he was underestimating the situation—I wondered if even a fingerling could get through.

As we looked at the trees and branches in the river. Hamilton reached into his pocket and pulled out a picture he had taken before the Molalla's banks were logged. It showed his children playing in a free-flowing stream.

"I've watched here from the bank and observed steelhead spawning in this stretch but they'll never get to it now," he said. His concern was well-founded. On the day we were there, much of the excellent spawning water was littered with freshly-downed timber and the access to it was blocked for a considerable distance downstream.

Not only was the Molalla blocked, but Gawley Creek, which also accommodates spawning activity, was littered in a like manner. We wondered who owned the land. Since Vern had to get home to get a little shuteye before going to work on the swing shift, I told him I'd check into the ownership and find out what I could from the fish and game people.

Next morning, while attending an Izaak Walton League breakfast in Portland for its new executive director, Robert L. Herbst, I ran into John McKean, game commission director, and buttonholed him to discuss the Molalla situation. A few days later I got a call from Jay Massey, the commission's district fishery biologist for the lower Willamette system, who said he'd just returned from a visit to the area in question.

Massey told me the land belongs to the Weyerhaeuser Company and that he had talked to the man temporarily in charge of logging in the area. Massey said he was told that Weyerhaeuser plans to leave the debris in the Molalla River until the last of November and that it'll be removed from Gawley Creek around the first part of December. In response to Massey's concern about high water dislodging some of the timber and carrying it downstream, he was advised that a log boom had been installed about a half-mile downriver to catch the drift.

Massey told me the company contends that the trees along the sloping bank had to come out and that for safety reasons the trees had to be cut in the manner they were. The Weyerhaeuser man told Massey that the safety of the loggers would have been endangered had the trees been pulled up and away from the river bed.

It should be noted that the steelhead customarily will not enter that stretch of the Molalla until January and usually the upstream migration continues until early spring. If, as the Weyerhaeuser man promises, the river and creek are cleared out by the first of December, no serious harm probably will occur to the steelhead run.

Nevertheless, I wonder if Weyerhaeuser has violated Oregon Game Code 164.820 which says:

"Any person who wilfully, wantonly or negligently cuts, falls, throws or places in any running stream, irrigation ditch or draining ditch in this state, any tree, brush, log or drift without forthwith removing the same, shall be punished upon conviction by a fine of not less than $50 or more than $500. This section does not apply to saw logs placed in any stream for driving or rafting."

Whether or not Weyerhaeuser has violated state law is a matter for the legal brains of the Oregon Game Commission, State Fish Commission and the State Sanitary Authority to decide.

Thomas Creek Fact Sheet

1. Weyerhaeuser Company presently owns 2,000 acres in five separate parcels of land in the Thomas Creek drainage, out of an estimated total of 63,000 acres. This is approximately 5% of the total ownership.

2. Since 1965, our timber in the Thomas Creek block has been harvested by U.S. Plywood under a contract that expires at the end of 1976. The contract

provides that U.S. Plywood can harvest 16.5 million board feet of grade volume and 3.5 million board feet of fiber grade logs per year, subject to logging plans approved by Weyerhaeuser Company. Substantially all of the volume purchased by U.S. Plywood has been processed in its own mills, with little or no volume exported.

3. 600 acres of Weyerhaeuser land was exchanged to U.S. Ply in 1971.

4. Weyerhauser retains the responsibility for regenerating its lands that have been logged by U.S. Plywood. In 1972, 290 acres of the current year's logging were direct seeded and 520 acres of prior year's logging were replanted and reseeded to bring stocking levels up to the Company HYF standard. Approximately 1,000 acres of lands logged since 1965 have been satisfactorily regenerated through direct seeding and are now stocked with one to five year old seedlings. In the fall of 1973, approximately 250 acres of this year's logged land will be seeded or planted; any additional acres identified during this summer's regeneration exams will be retreated if necessary. At this time, approximately 400 acres of mature timber remain to be logged by U.S. Plywood before 12/31/76. These acres will be regenerated by Weyerhaeuser Company following logging.

Source: J. P. McMahon, based upon data collected from Norm Baker, Jan Pauw, and Bob Rise at Corporate Headquarters and Burt Smith at Springfield.

Senator PACKWOOD. Thank you. Mr. Bevan?

STATEMENT BY JACK BEVAN, TASK FORCE COMMITTEE, SEATTLE MASTER BUILDERS ASSOCIATION

Mr. BEVAN. My name is Jack Bevan. I am the sales manager of Olympic Forest Products in Kenmore, Wash. I am on the task force committee on lumber for the Seattle Master Builders Association.

Eighty-two percent of export logs originate in the State of Washington. Consequently, testimony at your hearings from people from other States should account for only 18 percent of your conclusions.

Having dispensed with that, we would like to go on record of making specific recommendations in regards to a cure for the log export problem.

Number one, a request for funds for the U.S. Forest Service which would allow them to practice intensified forestry. This would include a comprehensive land use plan and a zoning ordinance for national forests. This would identify the land areas to be used for intensive forestry and eliminate the major conservation complaints that have resulted in some groups becoming obstructionists because of the singular use they have advocated.

Number two, amendment to the Jones Act to force tree species indigenous to our country to arrive at U.S. ports in U.S. vessels, or allow us to use the same ships that the British Columbia producers used last year that gave them a $22 million advantage, (money that went down the balance-of-trade rat hole) over our sawmills.

Number three, Puget Sound sawmills are running at a reduced capacity because of poor log quality going into production. These are the logs that are not desirable for export. We have photographs attached. These pictures show the typical quality of logs going into export and the type of logs currently being manufactured in our sawmills. A restriction of a percentage of certain grades of logs would rectify the situation, and this would take care of immediate production problems. To analyze the long range picture, we must take into account that we are currently confronted with a 7 percent unemployment rate, and we know of no provisions for any major

additional construction of sawmill capacity in Puget Sound. It is our contention that as long as current volume of logs is exported, it is questionable that additional capacity will be built. It may well be advisable to have an additional investment credit to stimulate construction of these needed facilities. The Japanese must and will buy more lumber, and if we are to maintain our manufacturing posture, we cannot be a Japanese tree farm. Lumber exports can increase and stabilize our local economy, and we must expect the forest production industry to provide the service. Lumber and further manufacturing of our basic raw material will greatly increase our sales of value which will reduce the negative balance of trade.

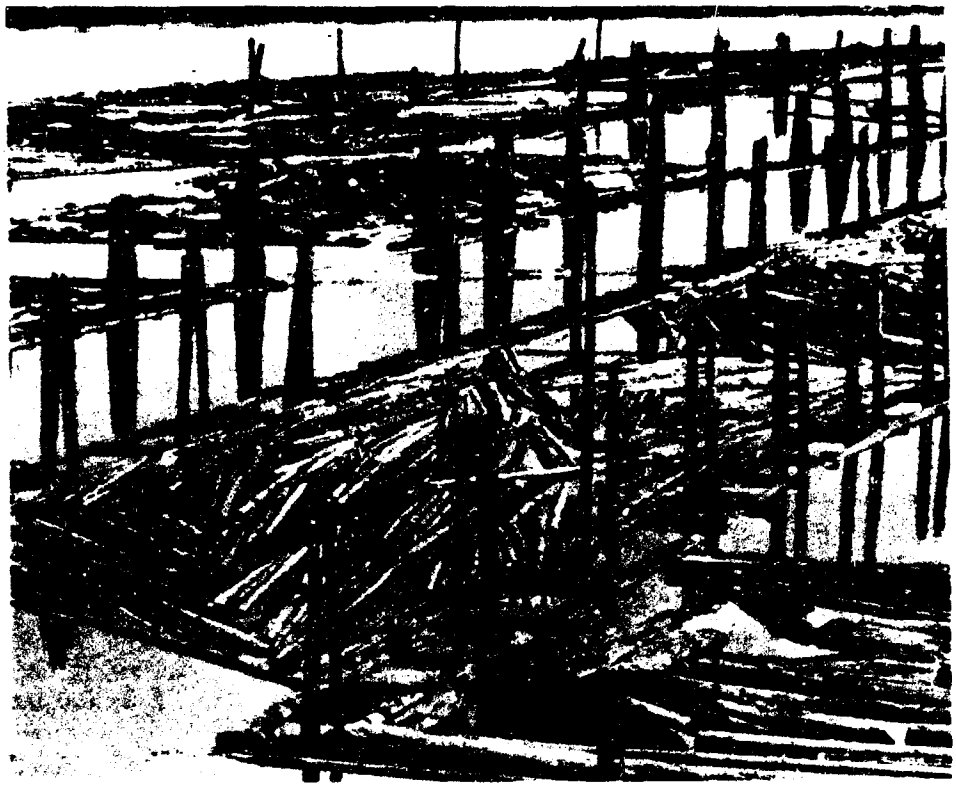
Number four, a primary manufacturing law similar to that of British Columbia which allows exports, after refusal of logs by manufacturers three times, is probably the most effective way to achieve a higher degree of manufacturing. The export manufacturing act of 1969 enacted to protect the domestic economy from the excessive drain of scarce materials, and to reduce the serious inflationary impact of abnormal foreign demand has the ability to achieve the above recommendations.

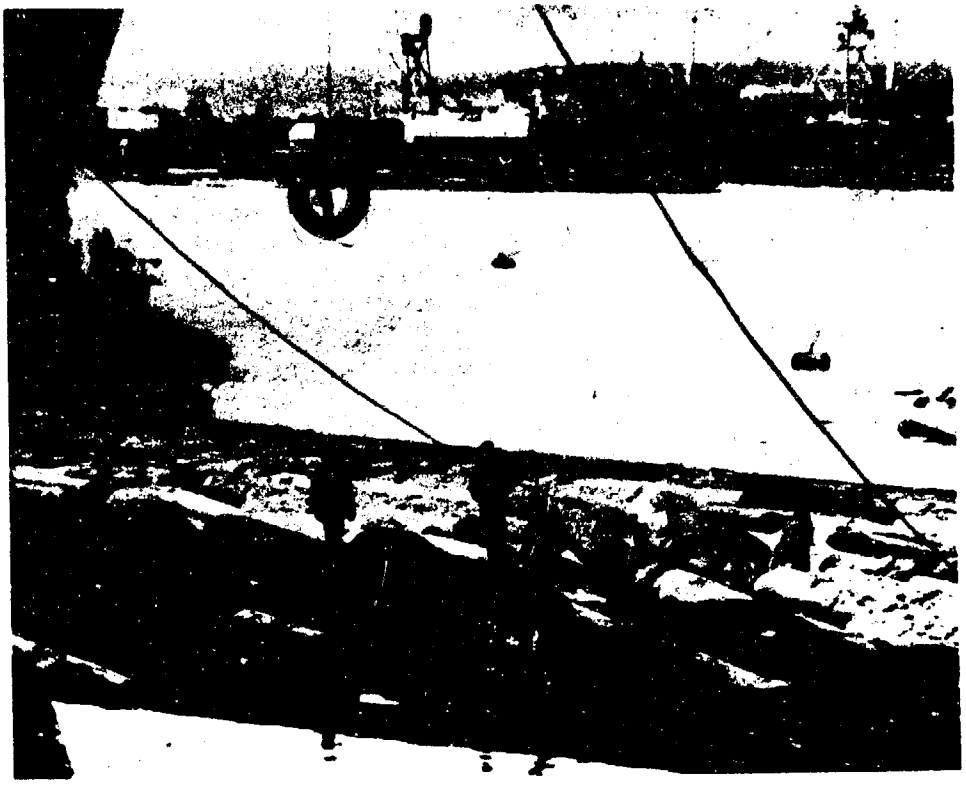
In summary, we recommend additional funding for the Forest Service; removal of antiquated portions of the Jones Act; higher employment; a primary manufacturing law and greater rate of return on our export sales. The combination of these factors will stabilize volume and reduce the price of lumber and plywood.

Thank you.

Senator PACKWOOD. Thank you very much. I have no questions.

Mr. Woods?





STATEMENTS BY GEORGE ENGLAND AND RICHARD I. WOODS, REPRESENTING THE WASHINGTON FARM FORESTRY ASSOCIATION, KELSO, WASH.

Mr. WOODS. Senator Packwood, I'm Dick Woods, president of the Washington Farm Forestry Association, and our organization is the voice of the small forest owners shipping in the State of Washington, and rate in size from 10 to 5,000 acres. Must public attention has been brought—been drawn to the impact of logs exports upon lumber mills and the homebuilders. No consideration has been given to the impact of log exports upon the producers of logs. So, I would like to make the following observations. Number one, the cost of a new home is attributed to the cost of logs delivered to the mills and still only represents 6 to 8 percent of the total cost. This is out of proportion to other costs in the construction and selling of that home. Number two, by placing ourselves in a competitive world market, the price and level of utilization of forest products are approaching a point where it is more reflective of the cost of growing a new crop of timber.

Number three, if you were going to need, in the next century, we have to invest now and intensify our forest management. Present price and utilization of structures is essential to provide the extensive and capital necessary for this, for these long term investments. Intensive forest management is defined as brush control, tree planting, and tree relief, removal of brush, for the existing young seed-

ling, so it can penetrate and survive. And the cost of rehabilitating an area dominated by brush can run $100 per acre. And times this cost over 40 years, and you can then begin to realize what it will cost to produce logs.

Number four, that the attitude of timber as being a natural resource is outdated, as we are moving out of the old growth economy. The real natural resource is the land, and the ability to grow timber. We, as small wood log owners, are in the tree farming tree growing business and have dedicated our interests to growing timber as a crop, to help meet the forest products of our modern society.

I think it is important at this point that we discuss the type of logs that are exported. This has been brought out today, but I think it is needed to be emphasized. Until the Japanese came along, hemlock logs, mostly, went into chips. Now, the producers are receiving a higher return to log and return to acre values for this timber species. The volume of logs exported is two-third hemlock, so there should be enough fir logs available to supply our domestic needs.

The Japanese sawmills convert 70 percent of the logs into lumber. Well, our sawmills convert 50 percent. U.S. mill efficiency seems to be an obvious problem that this whole controversy rests on. We as tree growers, must continue working toward an intensive management program, in all lands. Only when each acre is producing to optimum capacity can we begin to meet the long-term timber supply means. Export help finance this effort. Therefore, the Washington Forestry Association wishes to oppose S. 1033 and go on record in favor of a healthy competitive world market that is helping to make possible intensive management for small wood logs.

This testimony is based on a resolution passed at the annual meeting on March 3, and also a recent canvass of the presidents of all affiliated County Farm Associations.

Now, I brought with me a legislative committee chairman, Mr. England.

Senator PACKWOOD. Mr. England?

Mr. ENGLAND. Senator Packwood, I am George England, legislative chairman for the Washington Farm Forestry Association. Our association has 450 members and we speak for 47,000 small wood lot owners in Washington State owning 4.8 million acres of forest land. I own 173 acres of tree farm land in Lewis County.

The Washington Farm Forestry Association has been in existence over 25 years. We have an active vegetation program including a regular newsletter to members and have sponsored a thriving forest marketing cooperative.

Number one, log exports are beneficial. The log export market has been of immense benefit to our State. Loggers, timber growers, longshoremen and the public interest has been served by having a valuable export outlet for logs. Price competition has been intensified, profits and wages increased and balance of payments reduced. The export market should continue to be available to the State's timber producers.

Number two, good market outlets required. Stable competitive forest markets are necessary to maintain interest and incentive for timber growing. Some areas of our State do not presently enjoy

these conditions and desperately need price stimulus of the log export market to justify expenditures in timber growing.

Number three, log exports controls would subsidize sawmills. We do not feel that timber growers should be required to accept low log prices to indirectly subsidize the sawmill and other processing plants. The financial returns to timber growers is much lower than it is to timber processors. If processing plants need a subsidy, we feel it should be a direct cash outlay and not a subsidy provided by forest owners.

Number four, forest owners need good log prices. Small forest owners are presently producing at a relatively low rate of production primarily because of inadequate log price incentives. Only since the recent log export years have log prices been sufficiently adequate to justify reinvestment of money in the forest crop.

Number five, the Washington Farm Forestry Association supports continued log exports.

We thank you for hearing us and our views.

Senator PACKWOOD. Gentlemen, thank you. I have no questions.

Mr. Vincent?

STATEMENT BY DAVID VINCENT, PRESIDENT, NORTHSIDE LUMBER CO., PHILOMATH, OREG.

Mr. VINCENT. Senator, my name is David Vincent, and I am with Northside Lumber Company, located in Philomath, Ore. We are a relatively small family owned and operated business; shipping approximately 60 million board feet of lumber each year We employ approximately 160 persons in our community of 1,800 people and generate an annual payroll of approximately $1¼ million.

Our company is totally dependent on outside sources for our raw material supply. In other words, we do not have our own timber lands which we can harvest to supplement our competitive purchasers from outside sources. As a result of this dependency on competitively purchasing all of our timber and logs, we are vitally concerned about every operation which robs any other space of our raw material.

We feel that legislation such as S. 1033 provides for an increase and a stability of our current raw material supply and prohibits further erosion of the coniferous timber supply available to the people in the United States ultimately as homes in which to live.

Legislation such as S. 1033 is timely and of interest to all people in the United States who reads the paper and lives in a home. There is absolutely no reason why we, the people of the United States, should support the Japanese economy any more than we already do. It seems that purchasing imports such as cars, motorcycles, electronic gadgets, and other items too numerous to list is support enough for the Japanese economy. Why, I say why, must we export a non-manufactured product to a country who is mainly responsible for our balance of trade deficit? How can anyone justify, morally, socially, or economically, purchasing finished products (lumber) from Canada, and exporting logs to Japan at a net loss to the people of the United States in excess of $400 million last year? If

our raw materials stay at home, more jobs for laborers and manufacturers are created here at home, a greater supply of raw material is generated for the lumber and plywood industry, eventually resulting in lower prices to the homebuilder and consumer.

If indeed it is deemed necessary, by some almighty wizard, that we have an excess in manufactured products, then they should be exported, returning more dollars to our country by getting more dollars for manufactured products.

In our area we are concerned about the concentrated efforts exporters are currently making in calling private land owners and offering them high prices for timber that is immature. We are afraid that the small wood lot owner is over cutting his land as a result of exporters' pressure and a shortage of stumpage from these lands will exist in the near future.

It has been stated repeatedly by Weyerhaeuser that the mill capacity is not available to handle all the volume that is currently being exported. Not only can mills work longer hours and add shifts if they are assured of an increase in continued supply of timber, but there are presently operating mills, such as our own, that could increase production 15–20 percent by upgrading and updating machinery that is currently operating. Upgrading machinery does not take 3 years but only a matter of weeks, with only 1 or 2 days lost in production while the new machine is installed.

We are also extremely concerned about exporting companies substituting during the period January 1974 to January 1977, during the phaseout period of our log exports as proposed in S. 1033. It would seem that your bill should be amended to prohibit substitution by those firms who are exporting logs from non-Federal land ownership. In other words, if one is exporting logs during this phaseout period, he should not be allowed to bid for or purchase stumpage from non-private land ownership.

Exporters claim that better utilization is achieved via exporting of our raw material. It is a lot of malarky, because we have mills in our area that utilize all types of logs, whether it be cedar, hemlock, small diameters of second-growth or old-growth of Douglas fir, culls, peelers or saw logs. These mills are constantly pursuing raw material.

There seems no doubt in our mind that if 2.8 billion board feet of logs had been available for domestic manufacture this last year our lumber supply probably would not be as critical as it is today.

Thank you for this opportunity to express our views concerning the restriction of soft wood log exports.

I have one question I would like to ask here. The bill doesn't explain how it will enforce the procedure, and I was wondering if you have some provision for enforcing that.

Senator PACKWOOD. Which enforcement procedure?

Mr. VINCENT. Well, to enforce that this does take place. If your bill was to come in, are there provisions provided in it to see that people would live up to it?

Senator PACKWOOD. Living up to what?

Mr. VINCENT. Living up to the bill?

Senator PACKWOOD. Limit the private owners on what they would be allowed to export?

Mr. VINCENT. Yes.

Senator PACKWOOD. Dave, all we have to do is monitor what's going out of the port. We don't try to exactly figure out, expecially if it is not being exported, and any public timber—there is no provision for enforcement, but there is for administrative enforcement, but not so far as substitution is concerned.

We'll go until about 4:00 and take a break, and we'll come back about 4:15 and see where we're at and how many witnesses there are left to testify, whether we take a break for dinner or what. We'll decide that later.

Mrs. Mitchell.

STATEMENT BY HELEN MITCHELL, CHAIRMAN, ALLOTTEES' COMMITTEE OF THE QUINAULT RESERVATION, OAKVILLE, WASH.

Mrs. MITCHELL. I am Helen Mitchell, chairman of the Quinault Allottees Association. The Association represents some 1,350 land owners, or allottees on the Quinault Indian Reservation. Fifty to 60 million board feet of our timber is being exported to the Orient annually. Another 100 million board feet goes to local mills each year. This volume comes from 120,000 acres of timberland which was mostly high graded and generally abused, when supplying only domestic log market.

As many of you are aware, the Quinault's have a long history of low stumpage prices, landgrabbing, poor utilization, little or no reforestation, and, generally, just plain liquidation management of our forest lands. In 1964 the impact of the log export market became a part of our stumpage adjustments and major timber sales, which are geared mainly to the western red cedar market. This species makes up 60 percent of the volume in our old-growth stands. On the domestic market I see the log that will not produce a high percentage of clear wood is not a saleable product and is often left in the woods or is broken up. Log buyers do not want the rough log to export. When taking raw commitments from an exporter more of the logs are taken. Those logs with heavy deficit, which are generally shake or shingle logs, will go to local markets anyway.

Since the development of export competition, the incentive to do a better job in the woods is very apparent and greatly improved on the Quinault Reservation. The incentive to actually practice effective forestry and help provide sound economic security for the present and future is possible through export market.

Some of our Indians are also loggers with their own logging companies. They depend on some 30 to 50 percent of their production going to the export markets. It has given our people incentive to hold on to their forest properties and not let it be sold out, thus helping to preserve a culture as well as provide a way for better forest management and a means for Indians to be involved in the logging industry.

Our timber lands also provide 15 to 20 percent of the economy of the Grays Harbor area, which in turn does close to 80 percent of the log export traffic. A substantial percentage of the woods products jobs are involved with the exporting of logs.

The sale of their timber is often the only income an allotment owner on the Quinault Reservation will have in his entire lifetime. Therefore, it is essential that he be paid the highest possible price. This is possible only through an export market with the competition that it offers. Log exporting will not solve all Indian timber problems, but is a large contributing factor in aiding our struggle for economic and cultural survival. Thank you.

Senator PACKWOOD. Mrs. Mitchell, let me ask you this. Who manages your timber lands?

Mrs. MITCHELL. The Bureau of Indian Affairs.

Senator PACKWOOD. Let me ask you again, this statement of the volume that comes from 120,000 acres of timberland which was mostly high graded and generally abused, when supplying only the domestic log market. You mean, in the sense of abuse or bad management in simply not a return of profit to the Bureau of Indian Affairs could afford to manage it well and——

Mrs. MITCHELL. The Bureau of Indian Affairs, I think, managed to afford it properly if they exert the effort. The situation was that outside purchasers were buying land and timber and they were getting it at a very low price. They were high grading, in other words, taking the better grades and leaving a lot of debris on the ground, and where the export market and the competition came in for the purchase of timber and timberlands, it has improved. In the large areas where contracts were led to 30-year contracts, we have tried to do everything within our power to correct that situation, and we have been ineffective at this point to get the Bureau of Indian Affairs to recognize the contracts. They are out of shape, and they will not correct them. But the land sales prior to export competitions have more or less ceased, allowing Indians to operate also.

Senator PACKWOOD. Thank you very much.

Mr. Torrence?

STATEMENT BY THOMAS C. TORRENCE, McMINNVILLE, OREG.

Mr. TORRENCE. Senator Packwood, my name is Thomas Torrence, citizen and taxpayer. I have other business interests, however, that could be affected one way or another as to the log exportation ban, and I would like to give my personal view.

As a Nation, we daily face a series of paradoxal problems. Logs, to continue exports or to stop exports, is but one of several interrelated problems that must be viewed in their entirety in order to develop effective priorities and policies in the short term and long term. I trust you will be able to develop these priorities and policies from the suggestions presented by all of those who have presented testimony.

In my view the log export problem is tied to the larger problem of our Nation's balance of payments deficit. I admit I have contributed to it, but only because I have experienced shoddy American goods, which were, and in many cases, still are being made by companies where planned obsolescence is their most important product.

Japan is the whipping boy? Not to my thinking. It is the people of the United States. They demand high incomes and low priced goods at the expense of anyone but themselves.

Japan supplies a significant quantity of our autos, TV's, cameras, and various other high quality products to this cost-conscious and consumer-quality-conscious society.

It is indeed unfortunate that these same consumers cannot or will not consider the ramifications of their insistent for higher wages with no increase in productivity. It is also unfortunate that these same people became or become disinterested in producing the highly reliable quality goods that we are capable of producing.

Our forefathers built this country on good old Yankee ingenuity. We entered wars in the past almost completely unprepared and through sacrifice and this ingenuity we were able to come on strong and win those wars.

Today, today from now on, we need to harness this good old Yankee ingenuity to forge ahead and meet the daily problems and do our best. Not at the expense of others, and our land and neighbors in the world, however.

In my view, Japan seems to be setting an example by purchasing our logs and lumber and pulp at the highest prices in history. We export some 400 million board feet of lumber to them and turn around and import nearly twice this amount from British Columbia. This is one of my examples of distorted economic vision that this Nation is deluding itself with.

The Japanese log purchases help offset the net cost of our imports from them; it reduces our trade deficit and that's important, too.

If we do not allow exports we risk retaliations which could spread on a multination basis and degenerate into another war.

This is traceable from the isolationism of the Smoot-Hanley Tariff Bill of 1932 (which incidentally was also sponsored by an Oregonian) to World War II. We endeavored to export our employment problems when the whole world was having problems not unlike those we face today. Let us use this hindsight as we address ourselves to national and international solutions. Stopping log exports is neither a short-term or long-term solution; it's not economically viable.

We have alternatives. For the short term I suggest the following:

(1) Call all long-term loans and lend-lease loans from the affluent nations. They have obviously made repairs to their war-damaged plants and equipment.

(2) Negotiate for repayment of grants and aid from the affluent nations, or alternatively ask them to make similar sized grants to the newly developing nations.

These two proposals are good in the short term. We must think through and act quickly and effectively to resolve our trade problems within the next few years.

Number two, other suggestions for the long term are: One, international restrictions on the transfer of funds by large multinational corporations to a specific annual maximum. Exceptions would be made only on the presentation by the corporation of hard evidence as to need with a required 3-month waiting period before funds could be transferred.

This program could be controlled by the world bank, the international monetary fund or a new system yet to be developed.

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Number two, require Federal Government to return to full fiscal responsibility by: (a) Spending only as income is available to produce a balanced budget. (b) The military ridding itself of surplus bias. A recent report said we have three times as many officers as we had in World War II when 14.5 million men were under arms.

Senator PACKWOOD. Mr. Torrence, just one more minute.

Mr. TORRENCE. Today we have scarcely one-sixth of this man power. This ratio of officers to enlisted men is outrageous.

(c) Eliminate cost-plus contracts which are common in the shipbuilding and air frame industries. Present cost overruns of billions of dollars are well documented on the Lockheed and Grumman aircraft as well as the shipbuilding in Passagula, Miss., and others.

(d) Eliminate the bailing out of the companies large and small. This has been done for Lockheed, Penn-Central, and others. It only shows that risk capital is no longer being risked, and poor management and investment is not properly penalized.

(e) Eliminate all subsidies to all industries, this is a cop-out. Let them stand or fall as management of the enterprise is good or poor

Try, ingenuity and faith, not legislation, will bring the customer back to buying American.

Technological frontiers are what we need to conquer today. We cannot more fully realize the fruits of our labors.

I think one of the basic problems we have in shipping manufactured lumber overseas is that our mills will not or cannot domestically measure what's required overseas, so the Congress should consider seriously putting the metric system on a national basis here.

We can do all the above and more. Confidence in self and others is the key ingredient, getting participation and involvement by the total population of the nations required. Let's work together.

Senator PACKWOOD. Thank you, sir, very much.

Mr. Wanamaker?

STATEMENT BY JAMES WANAMAKER, REPRESENTING THE SOUTH CENTRAL TIMBER DEVELOPMENT CO., ANCHORAGE, ALASKA

Mr. WANAMAKER. Senator Packwood, my name is Jim Wanamaker. I am appearing here on behalf of the south-central timber development in Anchorage, Alaska. This is a company which operates in south central areas of Alaska, an area that would be defined by drawing a circle of a 300-mile radius around the city of Anchorage. It's the only large scale logger in the State of Alaska lands. We are represented by the Alaskan Lumber Association, which has testified in Washington, but because our situation is somewhat unique, we filed a supplemental written statement.

In witnessing these hearings, I can say that there's considerable conflict in the States of Washington and Oregon between different groups, with domestic procedures, domestic processing unions, and consumers, testifying for the bill and testifying against the bill, present exporters, longshoreman, and corporate authorities.

Alaska, we don't have that kind of conflict on this issue. Our Alaskan legislation has spoken and submitted to you it's thoughts by waiving a joint resolution, requesting that Alaska be exempted from

this bill. The reason for such an exemption would be that we have already structured a compromise between jobs and exports. We have a policy which requires private manufacturers on log exported logs, exported from Federal lands down to 8½ inch cant and we have a policy of 12-inch cants from State lands.

Incidentally, the reason for this difference is that the State of Alaska lands lie in the western and far northern parts of Alaska, where the trees are male and a great deal of processing destroys much of the value and causes great waste. You don't see this kind of trees down here until you get halfway up in the mountains. Alaska has no domestic markets, and since the purpose of this bill is to divert American timber back into the American timber market and——

Senator PACKWOOD. Let me interrupt you. You have no domestic market of any consequence because you have, as I understand it, the higher manufacturing costs and your wages are generally higher and, secondly, because of the Jones Act it must be shipped out on American bottoms and it prices the lumber out of the markets down here——

Mr. WANAMAKER. That's true. And a little bit lesser quality, too, I think. So, there isn't any hope of coming down into the stateside domestic lumber market with Alaskan timber.

I would submit that we can in all good faith say that we have structured our compromise between jobs and between exports since the application of the standards of S. 1033 would be quite stringent in Alaska. The company that I represent would have to greatly change its operating methods, and it is doubtful it would be economic to continue, and would be characteristic of the timber present to——

Senator PACKWOOD. I might say that the Senators from Alaska have been rather constantly in touch with us since I started and entered a good many facts into our record.

Mr. WANAMAKER. That's good to hear. I would close with the fact that in regard to Alaska that there are jobs being created, and the two standards and balance of payments are that there are jobs being created in the present situation, and the present situation is helping with the American economy.

[The following was received for the record:]

POLICY STATEMENT SUBMITTED BY SOUTH-CENTRAL TIMBER DEVELOPMENT, INC., ANCHORAGE, ALASKA

BRIEF SUMMARY

(1) Since Alaska has no alternate domestic market, S. 1033 means solely the imposition of a destructively stringent primary manufacture policy upon the export trade; 4½ inches under S. 1033 as compared with 8½ inches under Federal regulations or 12 inches under State regulations.

(2) A 4½ inch primary manufacture policy would greatly increase costs for an Alaska timber industry already engaged in a Herculean struggle with high costs and difficult operating conditions. The new cost added by S. 1033 would cause the reduction of timber harvesting in Alaska and the closure of many present operations.

(3) Because of high shipping costs between U.S. ports (the Jones Act), Alaska timber cannot compete in the continental U.S. markets. In Alaska, loss of the export trade will mean closing down the mill.

(4) Congress should recognize the primary manufacture regulations long in effect in Alaska. Congress should make no attempt to impose a new standard which would cause the closure of Alaska logging and Alaska mills, but which would not accomplish the intent of S. 1033, namely the diversion of American timber into the domestic market.

(5) If present Alaska export standards are left undisturbed, Alaska timber will continue to be sold in foreign trade, earning foreign currencies to assist our balance of payments problems. This much is gained, and nothing is lost, since Alaska timber could not enter the American domestic market in any event.

(6) Therefore, the interests of the United States will be best served by exempting from S. 1033 all timber produced from lands lying within the State of Alaska.

DISCUSSION RE: S. 1033

Senate Bill S. 1033 seeks to prohibit the export of all American timber from Federal, State and private lands.

The bill would ban from export any "cants, squares and lumber exceeding four and one half inches in thickness" [Section 208 (a) (ii)]. In other words exports would still be possible for lumber which had been sawed down to a thickness of four and one half inches or less. Export of lumber would still continue provided that it has had this extent of primary manufacture.

Since Alaska has no alternate market, what S. 1033 means for this State is a new and more stringent primary manufacture standard.

Comparative History of Primary Manufacture

CONTINENTAL UNITED STATES

Presently the western states of the continental United States are shipping round logs to the foreign and Japanese markets. No primary manufacture is imposed to our knowledge by any of the western states nor is it imposed in the western states by the Federal Government.

ALASKA

Alaska Federal Lands.—Conversely, the United States Government requires primary manufacture down to a thickness of eight and one half inches for all timber exported from United States forest lands located in Alaska. This Federal policy is contained in the Federal Timber Management Regulations, Section 2410.01. This Federal policy has been in existence for well over a decade.

Alaska State Lands.—The State of Alaska has had a primary manufacture regulation since June, 1960. It is to be found in Section 406.104, Subchapter 1, Chapter 4, Division 1, Title 11, Alaska Administrative Code. This regulation has been further clarified by Governor Hickel's Policy Statement on Primary Manufacture issued May, 1968, wherein the maximum allowable thickness to qualify for primary manufacture is twelve inches. A principal reason for the greater thickness on State of Alaska timber sales is that the State of Alaska holdings are principally in Western Alaska and they are small diameter trees which lose a great deal of their value if they must be processed into the smaller sized cants.

Alaska Private Lands.—No primary processing requirement is set for logs which have been cut from private lands in Alaska. However, because of the extremely small amount of private timber lands in Alaska the log export from private lands is almost nil.

As a result of these policies, virtually all of the Alaska export trade is *presently receiving primary manufacture.*

Unlike Stateside Timber, Alaska Timber Does Not Have An Alternate Market

The effect in the continental Western states of passage of S. 1033 would be to depress the export market and shift the timber supply of the continental western states into the domestic market.

As applied to Alaska, the passage of S. 1033 in its present form would greatly depress the Alaska export market but at the same time it could not cause a shift to any domestic market. Please consider the following factors:

1. *Unusual characteristics of Alaska forests and production economics:*

a. In Alaska, the density of trees and board foot volume per acre is substantially less than in the continental United States. Therefore, logging costs per thousand board feet are much higher.

b. The trees are on small diameter and therefore handling costs are much greater than on the larger trees growing in the continental United States.

c. Generally speaking, the trees are of lesser quality than on the mainland and in many cases the forests are overly mature and there is thus an unusual percentage of rot and defect.

d. Alaska labor and production costs are higher than in the continental United States.

2. *Marginal timber economics in Alaska:*

a. Generally speaking, the only reason for the present existence of timber harvesting operations in Alaska is that Alaska timber is economic on the Japanese market because of their technology in processing smaller and less desirable timber and the low shipping costs in foreign bottoms.

b. However, because of the factors listed in (1) above, Alaska timber operations are already operating on a very close margin between profit and loss.

(c) A doubling or tripling of primary manufacture requirements would cause a considerable depression of the Alaska export market. However, unlike the continental United States, Alaska does not have nor can it develop a domestic market.

3. *No potential United States Market for Alaska timber:*

a. Any shipment of timber from Alaska to continental U.S. ports must comply with the Jones Act and be shipped in U.S. bottoms. This means enormously high shipping costs.

b. For the reasons covered earlier, Alaska timber is of lesser quality than continental U.S. timber.

c. It is beyond belief that Alaska timber could be shipped at high cost to Western U.S. ports and compete with local species which are of higher quality and do not bear any shipping costs.

For these reasons, Alaska cannot fall back on the domestic American timber market for sale of its timber products.

Exemption of Alaska From S. 1033

S. 1033 is obviously designed to divert American timber into the domestic market thereby lowering domestic lumber prices. Arguably it would have that effect within the continental United States.

However, as applied to Alaska and in view of the fact that there is not now nor can there reasonably be created an alternate domestic market for Alaska timber the effect of S. 1033 would be to sharply curtail or eliminate Alaska timber production.

Also, there have, for many years, been applicable in Alaska policies of primary manufacture applied to both Federal and State timber production. These policies have been developed to be appropriate to Alaska timber conditions. Since Alaska timber production can look only to the Japanese market, what S. 1033 would do is make a drastic alteration in the extent of primary manufacture required, doubling it in the case of Federal timber and tripling in the case of State timber. In many cased this would price Alaska timber out of its only market.

There were good and sound reasons for the establishment of the present primary manufacture policies and they should be left undisturbed. To impose S. 1033 standards of primary manufacture in Alaska would drastically curtail all timber production in the State.

For these reasons, we request that you strongly consider a proviso to be added to S. 1033, exempting from that bill all timber produced from lands within the State of Alaska.

TITLE 2400—TIMBER MANAGEMENT

2410.01—Authority

1. *Policy.*—In accordance with the Secretary of Agriculture's Regulation 8X3 (FSM 2410.01), timber cut from the national forests in Alaska may not be exported from Alaska in the form of logs, cordwood, bolts, or other similar products necessitating primary manufacture elsewhere, without prior consent

of the Forest Service. Exceptions may be made to this requirement under specific conditions outlined in Regulation S–3.

The Regional Forester, upon request and a clear showing of applicability within the framework of Regulation S–3, may authorize the export of forest products which have not received primary manufacture within Alaska.

2. *Primary Manufacture.*—The term primary manufacture means manufacture which is first in order of time or development. When used in relation to sawmilling, it means:

a. The breakdown process wherein logs have been reduced in size by a headsaw or gang saw to the extent that the residual cants, slabs, or planks can be processed by resaw equipment of the type customarily used in log processing plants (resaw equipment which will handle material thicker than 8 inches is not in customary use), or

b. Manufacture of a product for use without further processing, such as structural timbers (subject to a firm showing of an order or orders for this form of product).

Primary manufacture, when used in reference to pulp ventures, means the breakdown process to a point where the wood fibers have been separated. With respect to veneer or plywood production, it means the production of green veneer. Poles and piling, whether treated or untreated, when manufactured to American Standards Association specifications are considered to have received primary manufacture.

3. *Control.*—Each District Ranger, in the course of his regular activities, will observe the extent of manufacture being obtained within his District by manufacturing plants which market products outside of Alaska. Ordinarily, such observation only need be made of sawmills, since the extent of manufacture by other processing plants is fixed substantially by the equipment installed in such plants. In the event of noncompliance with the export policy, the District Ranger will inform the plant owner of the requirements of the Secretary's Regulation S–3, and the definition of primary manufacture. The plant owner should be requested to bring his production in line with requirements within a reasonable period of time. This request should be confirmed in writing. In the event of failure to comply with this request within a reasonable period of time, the case should be referred to the Forest Supervisor or Regional Forester for appropriate action as required.

As a criterion for measuring compliance with the primary manufacture concept in sawmilling, it is considered that any cant, slab, or plank which can be resawed on an 8-inch bull edger is within the maximum thickness range which can be processed by resaw equipment customarily used in sawmills.

Chips, as such are not considered to have received primary manufacture, and may not ordinarily be exported. An exception to this rule may be made in the case of chips produced from logging or mill waste, provided it can be clearly shown that no market can be obtained in Alaska for such chips at a fair price, and that their export will enable utilization of Alaskan raw products not otherwise obtainable.

All sales of National Forest timber will include R–20 2450 C8.9 11/65 in the timber sale contract with respect to compliance with primary manufacture requirements.

4. *Export Permits.*—Application to export products which have not received primary manufacture will be on Form 412–R10, Application and Permit to Export Unmanufactured Forest Products from Alaska, prepared either by the applicant or for him by the District Ranger having administrative responsibility for the sale or mill from which the products covered by the application are being produced. The form should be forwarded through usual channels to the Regional Forester in quintuplicate.

Upon approval of the Regional Forester, the original and three copies of the form will be returned to the Forest. The Supervisor will retain one copy and forward the remaining copies to the District Ranger who, in turn, will forward the approved original to the applicant. When the export shipment is completed, District Ranger will complete the blank on the reverse of his copies of the form and return one copy through the Supervisor to the Regional Forester. If disapproved, the copies will be returned to the forest with an explanatory memorandum and the applicant will be notified accordingly.

406.104 Primary Manufacture.

The Director may require that primary manufacture of logs, cordwood, bolts, or other similar products be accomplished within the State of Alaska.

The term primary manufacture means manufacture which is first in order of time or development. When used in relation to sawmilling, it means:

(a) The breakdown process wherein logs have been reduced in size by a headsaw or gang saw to the extent that the residual cants, slabs, or planks can be processed by resaw equipment of the type customarily used in log processing plants, or

(b) Manufacture of a product for use without further processing, such as structural timbers (subject to a firm showing of an order or orders for this form of product.)

Primary manufacture, when used in reference to pulp ventures, means the breakdown process to a point where the wood fibers have been separated. Chips made from timber processing wastes shall be considered to have received primary manufacture. With respect to veneer or plywood production, it means the production of green veneer. Poles and piling, whether treated or untreated, when manufactured to American Standards Association specifications are considered to have received primary manufacture.

406.2 Reference to Regulations.

The Timber Sale Regulations in effect on the effective date of the contract are considered a provision of the contract and have the effect and force of any other provision of the contract.

406.3 Extension.

If the purchaser shows that his delay in completing the contract was due to causes beyond his control and without his fault or negligence, the Director may grant an extension of time, not to exceed one year at a time, upon written request by the purchaser. Such written request must be received not later than thirty (30) days prior to the expiration date of the contract but not earlier than ninety (90) days prior thereto. The Director may require an extension fee based on the remaining uncut volume or remaining uncut acreage of the sale area. The Director may, prior to granting an extension, require reappraisal as provided for in Section 406.4.

406.4 Reappraisals.

If an extension is granted, as provided in Section 406.3, each species of timber remaining under contract on the sale area, title to which has not passed to the purchaser, may be reappraised and such reappraised prices shall become the new unit prices for the purpose of computing the reappraised total purchase price, except that the new unit prices shall not be less than the unit prices that were in effect during the original time for cutting or previous extension. If timber shall be reappraised for reasons other than extension, provisions for such reappraisals shall be included in the timber sale contract.

STATE OF ALASKA,
OFFICE OF THE GOVERNOR,
Juneau,

POLICY STATEMENT ON PRIMARY MANUFACTURE—SECTION 406.104
"TIMBER SALE REGULATIONS"

Cants may be manufactured from all species for export and shall be considered to have received primary manufacture when sawed up to a maximum thickness of 12 inches and may be of any width. Timber cut thicker than 12 inches must be squared on four sides along their entire length with allowances for one-third of each dimension (thickness and width) allowed in wane.

Chips made from timber processing wastes shall be considered to have received primary manufacture and export will be permissive on action of the Commissioner. Timber processing wastes is hereby defined as all timber, mill residue, logging residue or other material not presently being utilized or in demand for higher-valued products.

With the advance approval of the Commissioner, limited quantities of all species, excluding spruce and hemlock, may be exported in the form of round logs for experimental purposes only, e.g. to introduce a new product to market. Round logs may not be exported as a marketable commodity.

The above statement is intended to clarify and/or define Section 406.104 of the "Timber Sale Regulations' and supersedes all previous policy statements and/or resolutions.

WALTER J. HICKEL.
Governor.

WANAMAKER, DICKSON, PERRY & JARVI,
Anchorage, Alaska, April 24, 1973.

Senator ROBERT PACKWOOD,
U.S. Senate, Washington, D.C.

DEAR SENATOR PACKWOOD: I was one of the persons who testified before you in the hearings held in Portland on April 11, having appeared on behalf of our client, South-Central Timber Development, Inc. of Anchorage.

We wish to thank you for having held hearings in the Pacific Northwest which made it possible for us to appear and make our position known. I was throughly impressed with the fairness and understanding displayed by you and by Mr. Kemp in the conduct of these hearings.

If I correctly understood your remarks at the hearings, it appears that you clearly understand the differences of the Alaska situation in that Alaska timber does not find is way into the domestic market; and that if S. 1033 were applied to Alaska it could result in the drastic reduction of or elimination of the export trade without diverting any of the timber into the United States domestic market.

We therefore maintain our hope that later versions of S. 1033 will recognize the fact that both the Federal government and the State government presently impose primary manufacture regulations on Alaska timber and that accordingly S. 1033 should not be applied to Alaska.

Thank you again for the fine manner in which the hearings were conducted and for your willingness to hear and evaluate the Alaska situation.

Sincerely yours,

JAMES N. WANAMAKER.

ZIEGLER, ZIEGLER & CLOUDY,
Ketchikan, Alaska, April 19, 1973.

Mr. EDWARD P. KEMP,
Minority Counsel, Subcommittee on International Finance, Senate Office Building, Washington, D.C.

DEAR ED: I am enclosing a Supplemental Statement for inclusion in the record, which merely amplifies portions of the testimony of our witnesses given in Washington, D.C. As you know, neither the Portland nor the San Francisco hearings developed anything of significance as concerns Alaska, and consequently, we are not offering any comment on that testimony. Although we do sharply dispute the statement of Sierra Club Forester Gordon Robinson made in San Francisco with reference to the alleged fact that the Tongass National Forest in Alaska has been oversold by the Forest Service, we will be meeting this charge through a different medium than the record on Senate Bill 1033.

On the matter of the amendment, I still have some residual concern over excluding Alaska by definition from the bill without some indication being made in the premises of the bill that Alaska is not contributing to the problem therein stated. I understand your plan to detail the reason for the exclusion in the Committee Report; however, Section 202 of the billl appears to be broader than the proposed exclusion. Possibly this could be taken care of by inserting the phrase, "from the United States as herein defined" on page 2, line 14, between the words "timber is". This would at least lay the foundation in the premises for the limiting definition in Section 208 (d).

Thanks again to you and Senator Packwood for your ready understanding of our problems in Alaska. If convenient, and proper, I would appreciate the opportunity to review a draft of your handling of Alaska before it is placed in final form.

Sincerely,

C. L. CLOUDY.

SENATE JOINT RESOLUTION NO. 34
(Opposing S. 1033)

Be it resolved by the Legislature of the State of Alaska:

Whereas S. 1033, recently introduced into the United States Congress, would, if enacted, ban the export of lumber; and

Whereas almost all of the sawmill production of Alaska mills is exported to Japan in sizes that would be prohibited by S. 1033; and

Whereas increasing wage, transportation, and environmental control costs make it absolutely impossible for Alaska sawmills to compete in any manner in the domestic markets of the United States; and

Whereas, except for a relatively insignificant number of local domestic small family sawmills, Alaska's sawmills cannot even compete within Alaska against lumber imports from the west coast of the United States and Canada; and

Whereas; under these circumstances, the only effect of the proposed ban as it applies to Alaskan lumber exports would be to break the chain of interdependence vital to the continued life of Alaska's timber industry; and

Whereas if S. 1033 were enacted and applied to Alaska it would have the devastating effect of completing wiping out the largest industry in southeastern Alaska and the third largest in the entire state; and

Whereas at the same time such a ban on Alaska lumber exports would have the additional ill effect of depriving the United States of much needed favorable trade balances be it

Resolved by the Alaska Legislature, That it registers its most vigorous protest and opposition to S. 1033 and urges the Congress to defeat this proposal unless Alaska is exempted from the provisions of the Act.

Copies of this resolution shall be sent to the Honorable Richard M. Nixon, President of the United States; the Honorable Frederick B. Dent, Secretary, Department of Commerce; the Honorable John J. Sparkman, Chairman, Senate Banking, Housing and Urban Affairs Committee; the Honorable Russell B. Long, Chairman, Senate Commerce Committee; the Honorable Herman E. Talmadge, Chairman, Senate Agriculture and Forestry Committee; the Honorable W. R. Poage, Chairman, House Agriculture Committee; the Honorable Harley O. Staggers, Chairman, House Interstate and Foreign Commerce Committee; and to the Honorable Ted Stevens and the Honorable Mike Gravel, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

Senator PACKWOOD. I can say I think Alaska is very unique, and I hope we can reach some kind of a settlement that will be satisfactory all around. Thank you very much for coming down.

Jeffrey Foote?

STATEMENT BY JEFFREY FOOTE, ON BEHALF OF THE NORTHWEST OFFICE OF THE FRIENDS OF THE EARTH, SEATTLE, WASH.

Mr. FOOTE. I am speaking on behalf of the Northwest Office of the Friends of The Earth in Seattle. Since this is a large and very complex issue, my statement today is confined to the effects of logs exports on the conservation of our forest lands. There is a direct cause and effect relationship between exportation of logs and the movement in this country to preserve the last remnants of the once vast American wilderness.

We see two main factors causing the shortages of logs in the United States and hence higher prices. One is the exportation of logs abroad. There's been figures that have been presented, so I won't repeat them. The other is alleged over cutting by private lands. I say alleged because we really do not know the conditions of private forest lands. Private owners refuse to reveal this data. The only available indication, is from the Douglas fir supply study, a

report published in 1969 by the Pacific Northwest forest and range experiment station. This report speculates that continuation of current trends of private logging production in western Oregon and southwestern Washington would lead to a 65 percent reduction in annual private harvests within 30 years or a decline of 2.6 billion board feet. We are assuming this to be accurate until we see the reliable data to the contrary.

I do have something I would like to read into the record. At a morning conference with the Friends of the Earth, we discovered another Willamette situation——

Senator PACKWOOD. Another what?

Mr. FOOTE. Another Willamette Valley—you are familiar with that?

Senator PACKWOOD. Yes. I didn't hear what you said.

Mr. FOOTE. Okay. I would like to present this press release and photographs of it. This is an indication of the type of logging practices that we see again, and we don't know if it is totally, a total assessment of it. We would like to find out.

Senator PACKWOOD. Put them in the record, Jeff. We can't produce the records but put them in the formal committee record that is kept.

Mr. FOOTE. Countering these two factors, export of logs and private over cutting, is an increase in wood consumption and demands in the United States. Where will we get the logs to meet this demand and lower prices? The timber industry and many of its supporters suggest that we open up the national forest to their advanced siviculture methods and let them do to our public lands what they have allegedly done to their own lands. Again, I use the word allegedly because the specific information is not available to us.

The Nixon administration's answer is to start a crash cutting program to increase the allowable cut by approximately 900 million board feet. This is not an acceptable solution. Industry representatives would have us believe that the highest and best use for any tree is on a log truck bound for marketing. We do not believe this is true. The Congress has said before you they have not felt so. In 1961, Congress passed the Multiple-Use Sustained-Yield Act. It outlines five important uses, only one of which involves cutting a tree for profit. The others are outdoor recreation, range, watershed, and wildlife survival practices. It is clear that under the law, none of these uses is to predominate.

In 1964 Congress passed the Wilderness Act which recognized a need to preserve areas of forest lands as they were.

Regardless of what is said, the highest and best use of national forest land is not always logging. It must be remembered that these are public lands and the public must have their say. The American public does not deserve to see what remains of our national forests carted off for profit.

As the allowable cut increases, the amount of natural lands decreases. Industry is exporting American wilderness for the sake of corporate profits. The hypocrisy of some large timber companies is appalling. While exporting large amounts of timber abroad, they

claim that we must log off America's few remaining wilderness areas to meet housing needs for the poor.

Increased production from national forests is not the answer to our problem. Part of the answer lies with the legislation before us. It is a good bill, and fair to all concerned. My only reservation to this legislation concerns something we have alluded to already.

Under this bill there are allowances for the export of surplus logs. Surplus logs are those logs that the owner has been unable to sell at fair value domestically. This provision can provide a loophole in one counter to the legislative purpose. A timber owner could simply cut more than he can sell and call it surplus. The problem is the effect of this extra cutting on the next year's crop or the year after. We will not really know what is surplus until we know the extent of the owner's holdings and the age profiles involved. This is where legislation falls short. What is needed is legislation to require timber owners to yearly reveal the extent and age profile of their holdings. This would serve two functions. One would be to accurately determine what is surplus and can be exported; two would be to reveal to Congress and to the public the condition of private lands. This will enable us all to really know what there is in the way of a total timber supply.

With this constant talk and evidence of a timber famine, this is a necessary action.

Senator, we would like to conclude by saying that we are in full support of this legislation, but would encourage the committee to take the steps necessary to insure its effectiveness. In the past few months, there has been a lot of talk about this timber shortage and rising prices. Many people have blamed the Congress and the Forest Service for passing and implementing environmental restraints. My words to them are that the environmental movement is not just a passing fad. As our population grows and our natural resources and open spaces become more and more precious, the American people will not sit by while what is left is being sold down the river for the corporate dollar. Thank you.

[Mr. Foote's complete statement follows:]

TESTIMONY PRESENTED BY FRIENDS OF THE EARTH

Mr. Chairman, my name is Jeffrey P. Foote and I am a student at Northwestern School of Law here in Portland. I am today speaking on behalf of the Northwest Office of Friends of the Earth, 1624 East McGraw, Seattle, Washington 98102. Since this is a large and very complex issue, my statement today is confined to the effects of log exports on the conservation of our forest lands. There is a direct cause and effect relationship between exportation of logs and the movement in this Country to preserve the last remnants of the once vast American wilderness.

We are in complete agreement with the goals and methods of S. 1033, the subject of today's hearings. It is a tremendous step in the right direction in meeting this problem head-on. Because of the increases in the amount of logs exported yearly and the increase in domestic demands for the timber, the only answer is to stop all exports of logs from the United States. The experience with substitution under the Morse Amendment, whereby timber companies sell their private timber abroad and buy federal timber to meet domestic demands, proves that a ban only on exportation of federal timber will be a mere drop in the bucket. About 9/10ths of the yearly exports from this country are from private lands so this is where the ban must occur.

There are two factors which are causing a shortage of logs in the United States and hence higher prices. One is the exportation of logs abroad. The figures have been presented so I won't repeat them. The other, is alledged overcutting of private lands. I say alledged because we really do not know the conditions of private forest lands. Private owners refuse to reveal this data. The only available indication comes from the "Douglas Fir Supply Study," a report published in 1969 by the Pacific Northwest Forest and Range Experiment Station. This report speculates that "Continuation of current trends of private logging production in Western Oregon and Southwestern Washington would lead to a 65% reduction in annual private harvests within 30 years or a decline of 2.6 billion board feet." We are assuming this to be accurate until we see reliable data to the contrary.

Countering these two factors, export of logs and private overcutting, is an increase in wood consumption and demands in the United States. Where will we get the logs to meet this demand and lower prices? The timber industry and many of its supporters suggest that we open up the National Forests to their advanced siviculture methods and let them do to our public lands what they have allegedly done to their own lands. Again, I use the word alledgedly because the specific information is not available to us.

The Nixon Administration's answer is to start a crash cutting program to increase the allowable cut by approximately 900 million board feet.

This is not an acceptable solution. Industry representatives would have us believe that the highest and best use for any tree is on a log truck bound for market. We do not believe this is true. The Congresses before you have not felt so. In 1961, Congress passed the Multiple-Use Sustained-Yield Act. It outlines five important uses, only one of which involves cutting a tree for profit. The others are outdoor recreation, range, watershed, and wildlife and fish practices. It is clear that under the Law, none of these uses is to predominate.

In 1964 Congress passed the Wilderness Act which recognized a need to preserve areas of forest lands as they were.

Section 2a of the Act reads: "In order to assure that a growing population accompanied by expanding settlement and growing mechanization, does not occupy and modify all areas of the United States and its possessions, leaving no lands designated for preservation and protection in their natural condition, it is declared to be the policy of Congress to secure for the American people of present and future generations the benefits of an enduring resource of Wilderness."

Regardless of what is said, the highest and best use of National forestland is not always logging. It must be remembered that these are public lands and the public must have their say. The American public does not deserve to see what remains of our National Forests carted off for profit.

As the allowable cut increases, the amount of natural lands decreases. Industry is exporting American wilderness for the sake of corporate profits. The hypocrisy of some large timber companies is appalling. While exporting large amounts of timber abroad, they claim that we must log off America's few remaining roadless areas to meet housing needs for the poor.

A good example is one Senator Packwood is quite familiar with. That is the case of French Pete. It is quite discouraging to see the amount of time, effort, and money the timber industry has spent to try to prevent preservation of this beautiful area. All this for only 3 million board feet of timber a year. That is about 1½% of the yield from the Willamette National Forest, where it is located. That is hardly a dent when you consider the 3 billion board feet that we exported last year.

Increased production from National Forests is not the answer to our problem. Part of the answer lies with the legislation before us. It is a good bill, and fair to all concerned. My only reservation to this legislation concerns something we have alluded to already.

Under this Bill there are allowances for the export of surplus logs. Surplus logs are those logs that the owner has been unable to sell at fair value domestically. This provision can provide a loophole and run counter to the legislative purpose. A timber owner could simply cut more than he can sell and call it surplus. The problem is the effect of this extra cutting on the next year's crop, or the year after. We will not really know what is surplus until we know the extent of the owner's holdings and the age profiles involved. This is where legislation falls short. What is needed is legislation to require timber

owners to yearly reveal the extent and age profile of their holdings. This would serve two functions. One would be to accurately determine what is surplus and can be exported; two would be to reveal to Congress and to the public the condition of private lands. This will enable us all to really know what there is in the way of a total timber supply.

With this constant talk and evidence of a timber famine, this is a necessary action.

Mr. Chairman, we would like to conclude by saying that we are in full suppprt of this legislation, but would encourage the Committee to take the steps necessary to insure its effectiveness. In the past few months, there has been a lot of talk about this timber shortage and rising prices. Many people have blamed the Congress and the Forest Service for passing and implementing environmental restraints. My words to them are that the environmental movement is not just a passing fad. As our population grows and our natural resources and open spaces become more and more precious, the American people will not sit by while what is left is being sold down the river for the corporate dollar.

[Oregon Environmental Council Press Release, April 11, 1973]

O.E.C. DISCOVERS "ANOTHER MOLALLA"

Larry Williams, Executive Director of the Oregon Environmental Council, announced at a press conference in Portland this morning that his organization had just discovered and were investigating "another Molalla Valley situation."

Williams said that last weekend he examined Thomas Creek, 25 miles east of Salem (and 5 miles South of Mill City), "and the place has been devastated."

Thomas Creek is an east to west running valley about 12 miles long, and drains into the Willamette River. It is owned by a variety of corporations and agencies, with Weyerhaeuser and U.S. Plywood being the major holders in the upper portion of the valley, which has suffered most from excessive logging according to Williams.

The Molalla Valley in Oregon is a 32,000 acre watershed which was stripped bare by Weyerhaeuser, in a cut-and-get-out type of operation, according to Williams. It received much publicity in Oregon last year, and was the subject of a film by the Oregon Student Public Interest Research Group.

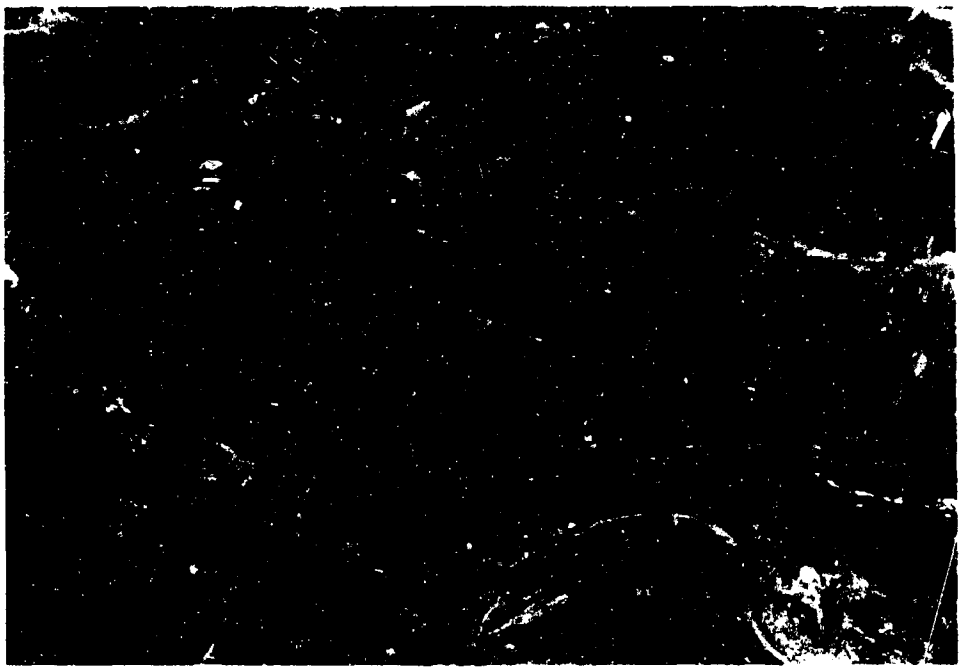
Williams said he inspected Thomas Creek by air on Saturday, and he passed out photographs of a portion of the area at the morning press conference.

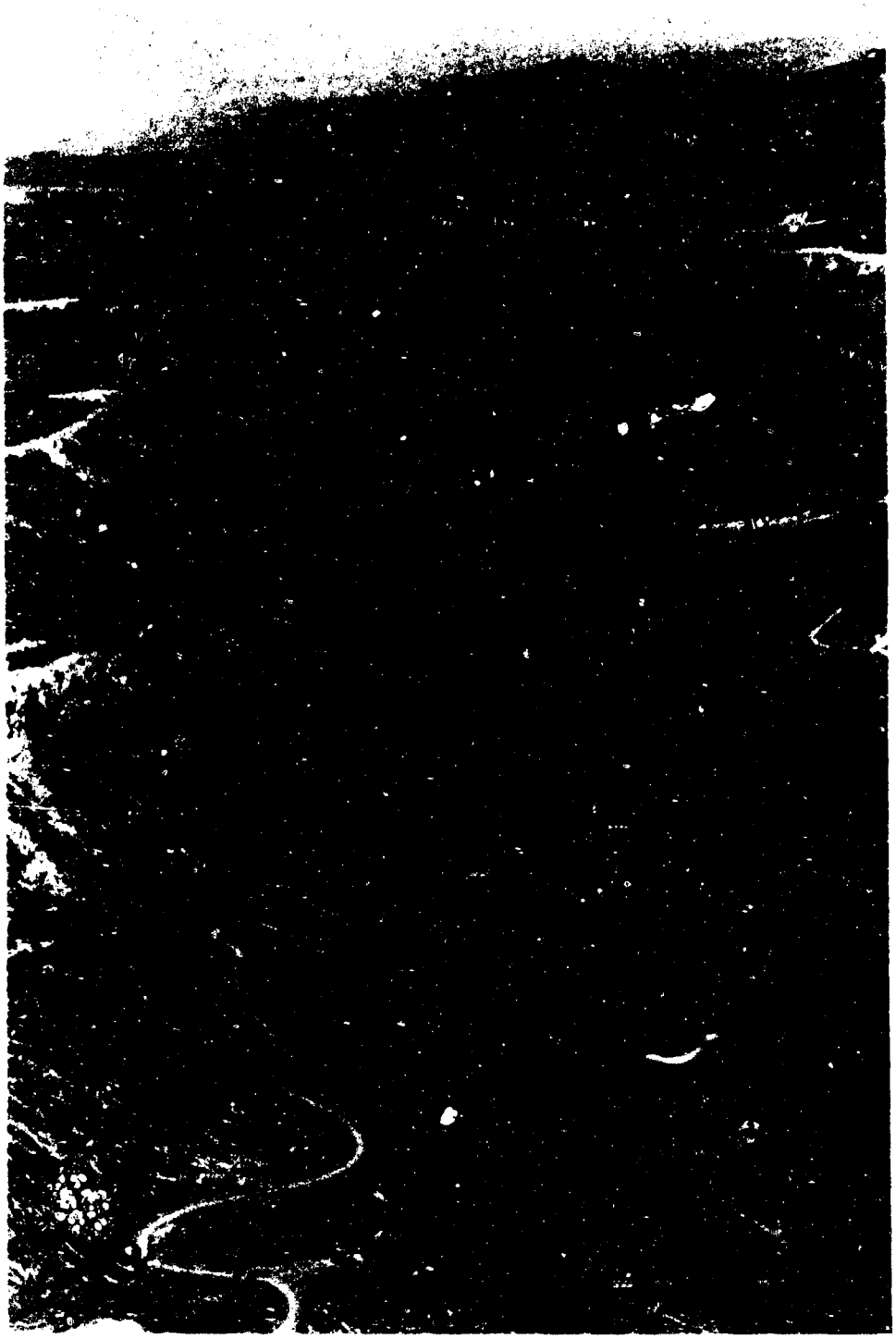
"Less than 15 years ago this was a virgin valley," said the OEC Executive Director. "Now its upper portion is almost totally devoid of standing timber, the creek itself has been logged and roaded across carelessly, and the destruction is still going on. In fact, Weyerhaeuser apparently logged a long strip on both sides of the creek in 1969–1970. No buffer strip has been left at all, nor would one have been necessarily required, even under Oregon's new Forest Practices Act."

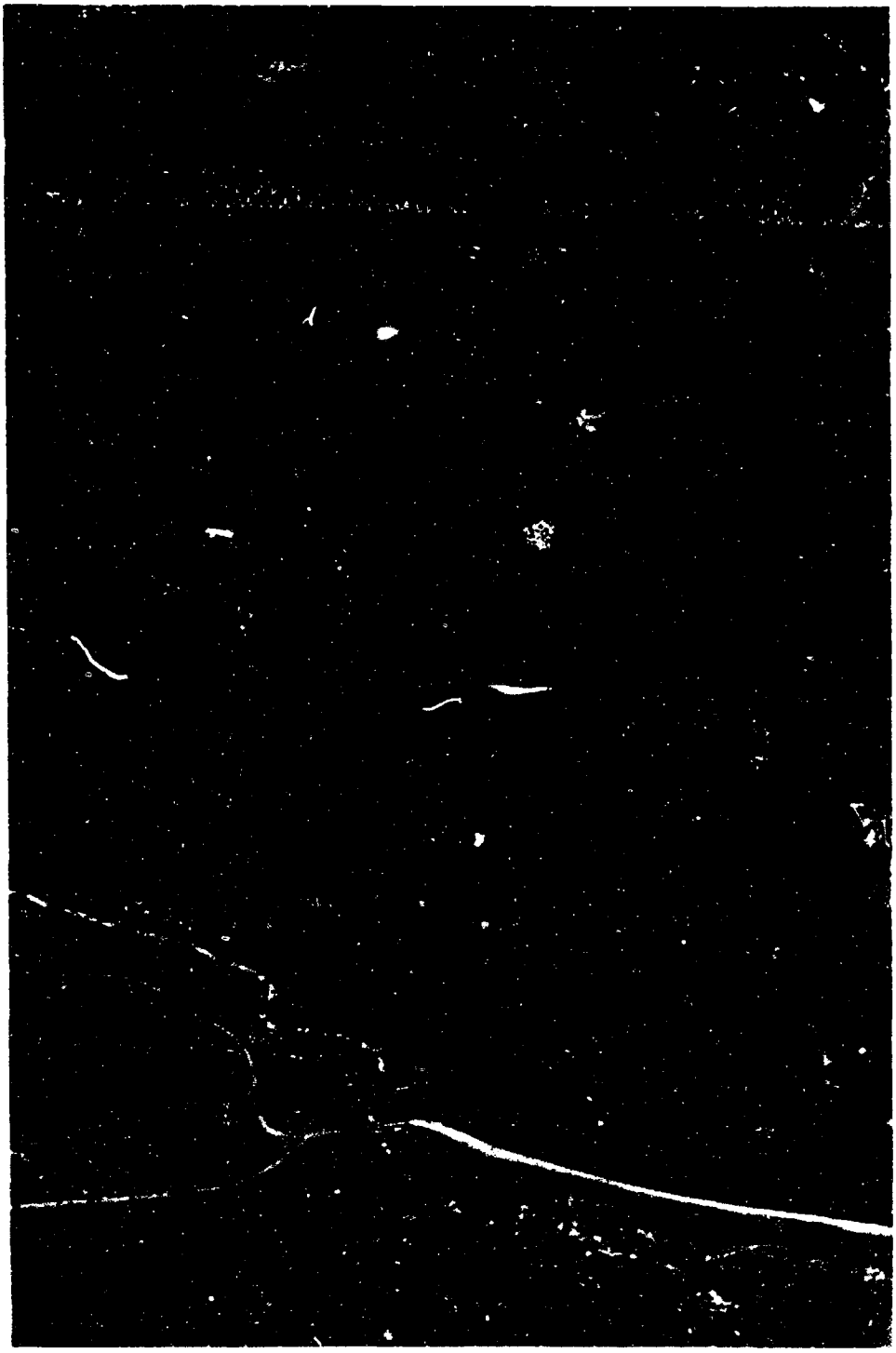
Williams went on to describe a large clearcut of more than one square mile, about half-way up the valley. "This section was logged about a decade ago, and there is virtually no regrowth yet. The site has been seeded three times, and replanted twice, with almost no success. This is a hot, dry, steep south facing slope, and is a good example of an area which should never have been logged at all on a silvicultural basis alone," stated Williams.

The O.E.C. spokesman further declared that Ponderosa Pine is now being planted at this site, with the hope that it will establish itself sufficiently that enough shade will be provided for successful planting of Douglas-Fir seedlings. "The timber industry contends that Douglas-Fir needs big openings and full sunlight to regenerate, but that is certainly not true in this case, and it is not in many other areas as well," Williams declared.

Finally, the environmentalist noted that passage of the Oregon Forest Practices Act would not necessarily prevent such occurrences in the future. That Act, which went into effect last July 1, 1972, is concerned only with the maintenance of very minumum standards, and has no provisions for the prevention of logging even in such critical areas as this one.







Seantor PACKWOOD. Thank you.
Mr. Rogers?

STATEMENT BY JAMES ROGERS, GENERAL MANAGER, WESTERN STATES PLYWOOD COOPERATIVE, PORT ORFORD, OREG.

Mr. ROGERS. I'm James Rogers, the general manager of Western States Plywood Cooperative, Port Orford, Oreg. We are one of the oldest plywood mills in the country and provide almost the entire economic pay for the city of Port Orford. The plywood industry may well depend on its success with the Senate bill 1033. Although some of us are not directly involved with the timber business, we may not realize, and this is evident in the letter which appeared in the March 22 edition of the Gray County Reporter in laboring goals reached. The letter addressed to the members of the local golf association was somewhat responsible for the management of the Cedar Ban Golf Course located between Gold Beach and Port Orford. It is apparently under attack or his intention to log the golf course and was explaining the benefits to be derived from such an operation. The item which blew my mind was the final paragraph which read as follows: "What is the hurry? Will the Japanese bid the price of hemlock which most of the stumpage is about the highest over and the proposed ban on log exports are passed into law, the market will drop back to practically nothing, so time is important."

Senator, I'm sure the individual who wrote this letter will be quite upset if the bill fails to pass. How will he explain his error to all those golfers? What I'm about to say may not be accepted by my worthy colleagues to whom the consent of private landowners is sacred, but, however, I must flatly state I believe there is virtually nothing that can be done with a piece of land, including leaving it alone, that does not in some way effect to the public; therefore, the public should have some say to what is done with private lands. True, the private owner pays taxes which entitle him to profit from the land, and he should do so as he desires, but there must be controls on how he derives this profit.

This idea was practically unheard of a few years ago. Now, the population expansion has made it necessary to inform the public as to what is being done with private lands in Oregon. The Oregon Forest Practice Act, which is quite well received by private landowners, is another example of this concept. Aren't these controls then present for allocation of our natural resources?

On a different vein, I would like to tell you of our experiences in trying to purchase part of Weyerhaeuser's 50,000,000 board feet. We currently have a year's supply of lumber. Our log inventory is down to 2 weeks, because the Forest Service requires us to log most of the timber under contract and was being prepared for the first 3 months of the year. Thus, there was a great joy in Port Orford when Weyerhaeuser's decree was heard throughout the land. Immediately, we called their North Bend office, and after being shuffled around, finally found someone to talk to with whom I made an appointment to discuss the situation at 9:30 a.m. on March 1. I walked into the office promptly at 9:30 and the guy wasn't there. I was told to come back at 1:30, which I did, and he still wasn't there. I promptly got in to talk to another individual, who said there was no timber for

sale, and he said he would call up and call me back if they came up with any lumber. That was fine with me. On March 22, I received a long-awaited phone call informing me that indeed they ha a million board feet of logs they would sell as long as we could pass the qualifications. The next morning, after I passed the required examination, I was led to the aforementioned logs, but I saw—what I saw nearly made me ill. Those were rotten, broken slums, obviously, they had been in the water for several years. The Japanese didn't want them, Weyerhaeuser didn't want them, but we could have them. It was emphasized this was indeed part of the 50,000,000 board feet offered.

I knew all hell would break loose at the mill if I bought this junk, but we were in danger of running out of logs, and I hoped and prayed that maybe we could use these logs.

The logs started coming in on the 26th, and when I got back I got an urgent radio call, and I told the dispatcher——

Senator PACKWOOD. Let me ask you how many people you employ.

Mr. ROGERS. About 230.

Senator PACKWOOD. Are you operating one shift or two shifts?

Mr. ROGERS. We operate three shifts, two on the green end, in other words, peeling logs, and the third shift just in veneer.

Senator PACKWOOD. Thank you very much. It has been an interesting report. I've not seen this kind of testimony, and I appreciate your bringing it here.

Mr. STEWART. After Mr. Stewart, we'll break for a minute.

STATEMENT BY MELVIN M. STEWART, PRESIDENT, SEATTLE STEVEDORE CO., SEATTLE, WASH.

Mr. STEWART. My name is Melvin M. Stewart, president and general manager of the Seattle Stevedore Co., Seattle, Wash. I'm speaking as a representative of the Master Contract Association of the Pacific coast. Our company is an associate of companies operating in 10 Washington ports. I've been involved in log export since 1962, and have closely followed this controversy during this entire period. I will not review the many various legislative actions or attempted actions on both the Federal and State levels, which have occurred during the past 10 years. I assume your committee has been fully aware of this history. Any treatment of this very complex issue dealing with log exports alone is no proper solution to the overall problem. Presently pending before the Congress are several forest managment bills on which hearings have been held throughout the United States endeavoring to find an overall solution to the forestry management solution. Several additional bills have recently been filed for the same purpose. This is a many-facet problem, and the approaches to the solution are varied. In the interest of time, I will pass over my written statement regarding the increase in lumber and plywood prices, pass the plywood and lumber industry, and the Pacific Northwest. We do not agree with some of these instant surveys that have been taken. We don't think they are credible.

Senator PACKWOOD. Let me ask you a couple of questions. I'm reading your statement here. You know Mr. Mayhew is respected in

his profession, and he knows what he is talking about, and yet you just kind of dismiss their conclusions, either their members are lying or they don't know what they are talking about, and the figures they gave back to them are——

Mr. STEWART. In the interest of 5-minutes time, I think I've gone into that in my statement, Senator, but I think we have testimony from another group in Washington. I don't think that a survey can be taken in that period of time with the scant coverage a letter survey with some results, and I doubt the credibility of the results of the rail or water transportation. I think it has been fully covered here. I think the benefits of the State of Washington have been given by Mr. Holcomb and other witnesses. These vast economic benefits and jobs would be substantially limited by the provision of S. 1033, and in my opinion would not resolve the objectives you are trying to obtain. This will not provide short-range solutions to the problems outlined above, and I do not feel S. 1033 will affect the current price of lumber and plywood in the United States.

Many factors affect these prices, and log exports are a small portion of the total profits. No price reduction to the homebuilder will be achieved by this short-range meat axe approach. The only benefits that will accrue to those so-called small lumber producers—The majority residing in the State of Oregon will have 10 years in attempting by various tactics to eliminate their competition for raw material. I don't think they will be in any way successful in this endeavor to further restrict bidding on Federal timber through your bill. I trust the Congress in its wisdom or the Cost of Living Council will protect the consumer. If they secure controls in the marketplace, whereby the timber from us citizens, and then impose on them the controls in the marketplace when they sell the lumber and plywood. I think your bill will kill the goose, primarily, in the State of Washington, and all of the golden eggs will roll down the Willamette Valley to your constituents. They will have to hit the three cherries, and have the bonanza which you referred to.

The Seattle Post-Intelligencer issue of April 9, 1973——

Senator PACKWOOD. I might indicate I received quite frequently that the fact Senator Cranston does sponsor this bill, he and I, and two members of the committee who sponsored this, and——

Mr. STEWART. Well, it was called the Packwood bill last year when I testified in Salem, and I believe this is a continuation of the same——

Senator PACKWOOD. Well, I have no objection to your calling it the Packwood bill, and I'm proud to have my name on it.

Mr. STEWART. Well, I would like to go into that, a little bit, Senator. For 10 years, I've attended these hearings, and in Tacoma and Salem, in Japan, Washington, D.C., and I've heard these same arguments over the export of logs, basically, from the same group of people that come from Oregon. I've always been puzzled by the figures and the simple arithmetic and the tremendous numbers that are put forth at this type of hearing, but simply in the United States the soft wood production in 1972 was 48.8 million feet. In Washington and Oregon this was approximately 20 billion feet production. Log exports from the United States were 2.7 billion feet worth 5½

percent of the total. Now, getting to the Federal exports, which you talked of last year, which the Morse amendment started this thing in 1968, 350,000,000 feet last year was exported; 270,000,000 feet. Now, that's one-half of 1 percent of the total production in the United States in soft wood timber. Now, this bill, and if that one-half of 1 percent is going to control the price of two by fours or of plywood, and have a great defect, this to me seems like a very small percentage. The two—to carry this again to Oregon, where these things originate, of that 270,000,000 feet, 100,000,000 feet came from Oregon. That's two-tenths of 1 percent of the total production of soft wood lumber in the United States. That's 1 percent of the production of the State or Oregon of 9.7 billion. As I say, to hear these bleeding hearts cry about 1 percent of the production, and they are all going out of business, that 1 percent or 100,000,000 feet, I'm sure, is not going to solve all of their problems. I know the balance of the exports, 82 percent, is in the State of Washington. I think Mr. Alwell of Weyerhaeuser indicated that the private production there—that it was not economical to truck it, to carry it down to the mythical—I say mythical or unproven capacity in the State of Oregon. The State timber in the State of Washington—I didn't hear what Bert Cole said about that, and I presume that's illegal, but if you can embargo wood——

Senator PACKWOOD. Wait a minute. Mr. Stewart, did you——

Mr. STEWART. What?

Senator PACKWOOD. Go ahead.

Mr. STEWART. If you can embargo wood to export as your bill proposes, as I say, I presume it's illegal, but I would hope the State of Washington could prohibit the exportation to the State of Oregon.

I think the basis of the problem with these people in Oregon, they always want to get rid of the competition. It isn't the 100,000,000 feet. They want the opportunity for control bids without any outside competition on this timber. If the Government wants to subsidize these operators in the State of Washington by S. 1033 to the detriment of the U.S. citizens who own this timber, and I'm one of them, I think you ought to clearly state that it is a subsidy.

Now, Washington, I think, and Weyerhaeuser made their position clear, that they did not feel, no matter what the testimony you've heard, that they are going to get 1,000 log trucks, and all this stuff from the Olympic penninsula down to the Willamette Valley where the mythical capacity is. I don't know what's going to happen to the State of Washington—the timber, but if this 2 billion feet of timber cannot be processed, and I hope that you've considered this possibility, because if your bill passes, you put 10 ports out of business, and cause substantial economic damage to the State of Washington. You cause a great deal of damage to the longshore industry, which I am involved with, and all of these answers about capacity or exports to me are a pie in the sky, and they never want——

Senator PACKWOOD. You are going to have to stop. You are 2 minutes beyond. Thank you. We'll take a break now.

[Whereupon a recess was taken.]

Senator PACKWOOD. OK; let's go.

STATEMENT BY THOMAS C. COCHRAN, TIMBER MANAGER, CONE LUMBER CO., GOSHEN, OREG.

Mr. COCHRAN. My name is Thomas C. Cochran. I am timber manager for the Cone Lumber Co. of Goshen, Oreg. On behalf of Mr. E. E. Cone, partner and general manager, the other partners, and the 130 employees of this firm, I would like to present to you our company's views on S.1033 and related topics concerning the log export problems.

The Cone Lumber Co. was established in 1890 and since 1938 has operated at its present location at Goshen, Oreg. Goshen lies at the intersection of Interstate 5 and Highway 58, approximately 4 miles south of Eugene, Oregon. The Cone Lumber Company is a hemlock-white fir species, using mill and has cut this type log exclusively since 1960 with an annual log usage of approximately 40 million feet.

The Cone Lumber Company has a unique history in the fact that this firm up to the last year has always secured their entire log requirements from open market log purchases and has not purchased the Government timber sales to back its needed log supply. Logs purchased from other firms were those white wood logs, generated within their operations, whether that be Government timber sales or private holdings, and these were delivered to our company's operation because of the special milling and drying requirements needed to process hemlock logs. Although competitive, the hemlock market was healthy until the influence of the export of local logs to the Japanese. Logs began to get scarce and those available to the local economy began to lose their quality as the better logs were sorted for the long trip to the Orient. By early 1972 the upper three log grades of hemlock were a scarce commodity and the local open log market was only a token of what had been available only a short few years before.

Government timber sales, especially those offered by the U.S. Forest Service were so designed that hemlock mills were, for all practical purposes, unable to bid competitively. With very few exceptions the sales that contain a large hemlock volume would also contain a large—almost matching—volume of exempt—exportable—quota. This means that the hemlock mill not only must bid competitively against the other white wood users in this local area, but against the Douglas fir mills and export buyers as well. Domestic markets, especially under the past phase 2 and the present phase 3, did not and will not allow this high of competitive bid.

With the loss of the white wood hemlock open market logs, and the intensive competition for the Government timber sales with export quota, the pure hemlock mill has found itself faced with ever increasing log costs and threats of serious log shortages.

At the present time, in light of a good lumber market, the Cone Lumber Co. is operating only 8 hours a day and 5 days per week instead of the 9 hours and 6-day week we would rather be on. This is due to the shortage of hemlock logs for domestic use.

The Cone Lumber Company wishes to support S.1033 in its entirety with the exception of section 202, paragraph A, in which the

cants, squares on lumber should not exceed 12 inches in thickness instead of the 4½ inches as now presented. We urge the Congress of the United States to act with timely dispatch upon this bill so vital to the softwood lumber market in the Pacific Northwest. We also wish to focus on the necessity of the strong penalty clause as is found in S.1033, section 207. The past laws have been too indifferent to violations that have occurred, and to the best of our knowledge, no case has yet been tried involving violations of this law.

With S.1033 the domestic market will continue to be firm yet competitive with the healthy payroll needed to stabilize our communities. Lumber exports to foreign nations will provide the jobs for the local dockworkers and seamen of both foreign and domestic bottoms. Homebuilding in the United States will be financially within reach of our young growing families.

Thank you for this opportunity to present our thoughts on this already serious matter. If you have any questions, I will try to answer them for you.

Senator PACKWOOD. Thank you, Mr. Cochran. Let me ask you this: In your testimony you state that you purchased most of your needs from other operators. Do you now or have you in the past purchased logs from any of the major landowners within your area?

Mr. COCHRAN. Yes, Senator. Up until, well, up until as recently as January 1, 1973. This past New Year's Day, we received all of the white wood species that were refused from Georgia-Pacific Corp. and in their Springfield division, and a year ago last March we had to suspend receiving logs from Weyerhaeuser Co. because of the quality, which was so poor we couldn't run them through our mill.

Senator PACKWOOD. What was that?

Mr. COCHRAN. The quality of the logs——

Senator PACKWOOD. From Weyerhaeuser?

Mr. COCHRAN. Yes, sir, we were receiving what we figured a third and fourth sort, and we just couldn't manufacture those logs.

Senator PACKWOOD. Have you recently tried to purchase any logs from Weyerhaeuser?

Mr. COCHRAN. Yes. we went over to Weyerhaeuser and approached them on the qualifications that we would be required to have to get some of this material, and they told me that when we were down to a 2- or 3-day supply of logs, to come back, and they gave me their prices, which were approximately $30 to $40 higher than the domestic market, in the Eugene area.

Senator PACKWOOD. Thank you very much. I appreciate your coming.

Mrs. Paul Collins?

STATEMENT BY MRS. PAUL COLLINS, ON BEHALF OF THE INTERNATIONAL RELATIONS COMMITTEE OF THE LEAGUE OF WOMEN VOTERS, VANCOUVER, WASH.

Mr. COLLINS. Senator Packwood, I am Mrs. Paul Collins, representing the League of Women Voters in Washington, and you probably all know what I'm going to say, but I welcome the opportunity to say it, anyway.

The League of Women Voters, for many years, has supported policies which promote world trade and development while maintaining a strong U.S. economy and feel that trade policies should be based on public interest rather than special interests. The League endorses a systematic reduction of trade barriers, and it seems inappropriate in extreme—at a time when a new round of tariff and trade negotiations is scheduled to begin in the fall to add on yet another trade barrier. League members are convinced that remedies for the U.S. balance-of-payments deficits lie in expansion of trade and not in narrow, short-range, restrictive palliatives, and we support Government policies designed to promote, not restrict, the expansion of U.S. exports.

We therefore view with concern the proposed timber administration act of 1973 for a January 1974 ban on export of logs from Federal lands, and a phase out over the next 4 years from State and private lands. We feel that such a log embargo would not be a panacea for high lumber prices; and, in fact, this solution would only increase the problems both for the timber producing States involved and for the nation.

Both as a taxpayers and as a consumer, if I felt that a ban on the export of logs would create more jobs, create a more stable economy, reduce the national trade deficit, reduce the cost of homes, I would agree with those who propose such a ban; for I should assume the benefits would be reflected in my fattened pocketbook. However, a log export ban would do none of these things.

We hear much about the additional $1,200 in lumber costs added on to each house, but for this log exports should not receive paramount blame. Lumber prices in this country have drastically increased because the demand is greater than the supply. That is one fact supportable by another fact, that while we export 5 percent of the national output of logs, we import from Canada 30 percent of all lumber used in the United States for domestic use. Therefore, while an embargo on logs might lower log prices to the mill operator, it would not lower the lumber prices because demand continues to exceed full lumber production by northwest mills. It would, instead, force Japan to look else where for supply. Like to Canada. Diverting the Canadian supply away from the United States would leave this country with 30 percent less lumber than we now have thus increasing demand over supply for another 25 percent. Home buyers would only suffer more.

Washington is a State scheduled to be hardest hit, some 82 percent of exported logs leave via Washington ports. Without going into the statistics relative to jobs, logging procedures, mill capacities, or dollars lost which you have already heard or will hear about from those more expert than I, it would seem ill-advised to so discriminate against the largest buyer of logs, Japan, who is also our second largest trading partner and with whom our state has a favorable balance of trade. Considering the problems faced with that country not only in other areas of trade, but also problems resulting from the bold and forward looking China-door opening initiatives by the administration, it would be a backward step to hinder log trade by this bill.

It is our opinion that to ban the export of logs would: Increase not decrease lumber prices in the price of housing; place thousands on the unemployment roles, damage our port communities; increase our area's and the nation's balance of payments deficit; and hamper our general trade relations with those Canada and Japan nations.

The League of Women Voters of Washington urges this committee to reject the proposed legislation. Thank you.

Senator PACKWOOD. Thank you. I have no questions. Let me compliment you on your statement. It was very cogent, direct and clear. It's a pleasure to have you testify.

Mrs. COLLINS. Thank you for no questions.

Senator PACKWOOD. Mr. Lyle McDonald. All right. We have a statement from him and we'll put his statement in the record in full. Then we'll take Mr. Jackson.

STATEMENTS BY ALEC JACKSON, WASHINGTON CITIZENS FOR WORLD TRADE, OLYMPIA, WASH.; AND EARL W. STANLEY, EXECUTIVE DIRECTOR, WASHINGTON STATE SCHOOL DIRECTORS ASSOCIATION, OLYMPIA, WASH.

Mr. JACKSON. Mr. Stanley is to join me and we're to divide the 5 minutes that have been allotted to Gene Casper, and that was the arrangement——

Senator PACKWOOD. All right. That's fine. What's your name, sir?

Mr. STANLEY. My name is Earl W. Stanley.

Senator PACKWOOD. Earl Stanley. All right. Go ahead.

Mr. JACKSON. I am Alec Jackson for the Washington Citizens for World Trade, Olympia, Wash. I appear today for the Washington Citizens for World Trade. The Washington Citizens group, headquartered in Olympia, Wash., is a coalition of organizations and individuals that has a dedicated interest in expanding our programs and potential for trade throughout the world. It interests itself in administration attitudes and legislation both on State and Federal level which can influence that world trade. The issue before this committee today is of extreme interest to the organization which I represent.

I would like to say that I prepared both an oral statement and full statement, which will be included in the record.

Senator PACKWOOD. They will be included in full.

Mr. JACKSON. Yes. To make the best use of the time, I would like to address myself to the three specific points you asked the witnesses to address.

Jobs. I think we've had adequate testimony relative to the number of jobs that will be lost in the Washington communities, should S. 1033 go through. Relative to the study by the Pacific Northwest Forestry and Range Experiment Stations, comparing the number of man-hours to produce export logs, or lumber, I cannot quarrel with that; however, I would like to point out that in Washington, where a substantial portion of our harvest is exported, we have 9.5 jobs per mill feet of timber harvested. In Oregon, you only have 8.8. So, what I'm suggesting is that the figures relative to the man-hours of employment have to be interpreted with the—with a considerable amount of care.

Senator PACKWOOD. Let me ask you this: so I am sure I understand what you are saying, are you contending that as many jobs in total for the same number of board feet can be procured out of exports as in manufacture?

Mr. JACKSON. No, sir. What I am saying is in Washington considerable exports—we have more jobs for a given volume of wood harvest than you have in Oregon.

Senator PACKWOOD. But in the alternative, if the logs were manufactured into lumber, and in Washington, you would have even more jobs?

Mr. JACKSON. Probably within the forestry industry, but I question in total—we would lose, we estimate 16,000 jobs out of the forest products industry. Whether we would pick up 16,000 in the forest products industry is questionable in our opinion.

Senator PACKWOOD. Okay. I didn't mean to interrupt. Go ahead.

Mr. JACKSON. The second point is capacity. The broadest base survey is this one by Mr. Mayhew. I would suggest that everybody look at the questionnaires. It is our position that there was a deliberate front end effort to obtain the answers that would support the claim of unused capacity. Those questionnaires are textbook examples of how to design the questionnaire—how to get the answer you want. I have given, for your aid, the questionnaire from the DNR and Pacific Northwest survey, which is being updated, and their last survey, and I would suggest that these are the types of surveys that we pay attention to. Some of the answers are from the DNR survey, which is receiving some assistance from the Pacific Northwest Experimentation, and the answers that are in today do not support Mr. Mayhew's survey. I have put in my testimony another survey by the Associated Washington Industries, I believe. Of those mills that are claiming they can't get logs using—we have seen that their people testify there's a surplus of those logs. Many of the other mills, do not own timber. They do not inventory, and it looks like in 2 to 10 years they will go down in the winter. And their performance in 1972 was not different from that performance in previous years.

The third point is balance of payments. We have reviewed the data that you put into the record when you introduced the bill on the basis of the Department of Commerce's data. We cannot agree with this. It appears you used an over end factor of 60 percent. We feel that 38 percent would be more reasonable. It appears to us and this we could not know for certain, you use spot rises for lumber rather than the actual dollar we paid for that Canadian lumber. There is a deficit, but it is $103 million and not $430 million. This deficit, in our opinion, is academic. Our position is we do not have the capacity to produce our lumber needs here. We have to import them from Canada.

Senator PACKWOOD. Are we in agreement that in 1972, roughly, we exported $400 million in logs and——

Mr. JACKSON. $392 million imports. That is where we differ.

Senator PACKWOOD. What's your figure?

Mr. JACKSON. This is not my figure. This is the Department of Commerce's figure. To replace the lumber it was $495,000,000 and not $800,000,000 you've claimed.

Senator PACKWOOD. You say to replace the lumber that we exported?

Mr. JACKSON. To replace the logs we——

Senator PACKWOOD. We replaced $400,000,000 worth of logs that we exported and——

Mr. JACKSON. Yes. Not $800,000,000. And it did produce a deficit, but not a deficit of $430,000,000.

Senator PACKWOOD. So, what you are saying is we can improve the figure if we didn't export the logs?

Mr. JACKSON. No, no. I am definitely not saying that.

Senator PACKWOOD. What was the statement you just said about if we imported $495,000,000 worth of lumber to replace—what did you say?

Mr. JACKSON. I said the lumber that we imported was equivalent to the volume of logs we exported, and cost us $495 million.

Senator PACKWOOD. Okay.

Mr. JACKSON. And we had to import that lumber because we did not have adequate domestic capacity, and on that I would close, and if there are any more questions, I will do my best to answer them.

Senator PACKWOOD. I don't have any more questions. It looks like a very intelligent statement and I promise I will read it.

Mr. JACKSON. I would add one thing. Were you asking Mr. Mayhew on the basis of his survey what the unused capacity in Washington, what he could not give you—that answer we have calculated. It is on the order of 230 million if we use his data, and not the 500 that you arrived at with the mental gymnastics earlier.

Senator PACKWOOD. I didn't arrive at it.

Mr. JACKSON. You coached Mr. Mayhew to that.

Senator PACKWOOD. Thank you for the clarification.

Mr. JACKSON. Thank you.

[Complete statement follows:]

STATEMENT OF ALEC JACKSON, WASHINGTON CITIZENS FOR WORLD TRADE

Mr. Chairman and members of the committee, I am Alec Jackson, a forester from Bellevue, Washington. I appear today for the *Washington Citizens for World Trade*. This Washington Citizens group, headquartered in Olympia, Washington is a coalition of organizations and individuals that has a dedicated interest in expanding our programs and potential for trade throughout the world. It interests itself in administration attitudes and legislation both on a state and federal level which can influence that world trade. The issue before this committee today is of extreme interest to the organization which I represent.

In our Washington Citizens group are many diverse interests. Among our membership is the League of Women Voters, because of their traditional stand against restrictive trade legislation; the Washington Public Ports Association has a direct interest in this and other trade issues and is a member of our group the Association of Washington Business recognizes the danger in legislation such as this issue and is an active part of our organization. We have truckers and sailors, boilermakers, and fishermen, stevedores and school teachers, longshoremen and school principals, the Washington Education Association, the Washington Farm Forest Association and a veritable host of others who are sincerely interested in world trade and actively oppose the proposed legislation which would place an embargo on the export of timber from our private, state and federal forests. They all hope that you will give careful consideration to the points which I will make today.

Washington is heavily dependent upon a wide range of agricultural and industrial exports. Profitable export trade, as you gentlemen know, involves a number of complex considerations, including a supplier's reputation for reliability. The adverse effects of a log ban could extend to our grain and other export trade.

Let me summarize for you just one example of the direct effect of a ban on just one segment dependent on log exports—the port community. In 1972, the

12 log exporting ports of Washington shipped 12.5 million tons of logs. Based on detailed studies which are attached to our statement as Appendix A, a ban would have brought about a direct economic loss to the 12 port communities of $226 million. Put in simpler terms, this would be virtual economic disaster for those communities. A direct labor force of approximately eight thousand persons would face unemployment, the ports of Willapa, Grays Harbor, Olympia, Port Angeles and Anacortes would probably close or would be so crippled that recovery would take years. The other ports would be severely damaged, economically. Approximately $40 million in non-convertible hardware and facilities would be unusable. In terms of total effect the results would be far more devastating than our severe problem during the aerospace slump.

Just as our immediate area would be severely injured, so also would be the other U.S. export commerce that depends on long-term buyer confidence. The effect of a ban on log exports alone would be unduly costly to our balance of payments.

In a period during which the United States has been faced with an increasingly severe balance of payments deficit, logs, exported in 1972 made a positive contribution of $392 million to the U.S. balance of trade. Superficially, it may appear that the United States suffered a trade deficit of approximately $103 million in 1972 as a result of a three-way trade in logs and lumber with Japan and Canada. However, this deficit is only of academic interest since the region in which log exports originate does not have the capacity to convert into lumber for domestic consumption logs bound for the export market. The sawmill capacity in Western Washington, the source of 82 percent of all log exports from the Pacific Coast, would have to almost double in order to fully convert into lumber the volume of log exports which would be dumped on the market in our State as a result of a ban on log exports. The data and sources supporting these statements are attached to our statement as Appendix B.

Now let me get to the heart of the problem that is genuinely and understandably concerning this Committee and the home builders.

The current softwood lumber and plywood shortages and associated high prices are not due to an inadequate supply of softwood logs in the Pacific Northwest where log exports originate.

Our Nation's forests contain 715 billion cubic feet of wood and softwoods predominate. Old growth timber, concentrated in the Pacific Northwest, where Douglas fir and Western hemlock are the most abundant species, accounts for 78 percent of the Nation's sawtimber inventory. As a Nation we are still growing more than we are consuming, even though the flow of wood from our forests is at an all-time high.

Softwood lumber and plywood shortages and the accompanying high prices are not due to the inability of our forests to grow wood, nor are they due to a poor flow of logs from our forests. What then is the problem? The problem is simply that the demand for softwood lumber and plywood exceeds our ability to produce these products because we do not have sufficient installed capacity. There are a few associated with the industry, and many who are dependent on the industry for their raw materials, who claim that there is excess installed capacity in the Pacific Northwest that cannot be used because of export-caused log shortages—physical or economic.

Let us review the facts:

To suggest, in the face of today's lumber and plywood prices, that producers cannot afford to purchase logs is an affront to the intelligence of the American consumer. The National Forest Products Association, American Plywood Association. Western Wood Products Association and many other highly respected trade organizations all report record levels of production for 1972 and 1973. We might add that these organizations have been gathering this type of data for years without reference to any immediate legislative controversies; indeed, the objectivity of these reports is enhanced for your purposes because these organizations have often taken a position against log exports.

Let us review some of the surveys which purport documentation of unused capacity.

The broadest-based survey used to support the claim of unused capacity, and which is attached to our statement as Appendix C, is one by the Portland Home Builders.

This survey was very hurriedly performed by Mr. Hal Mayhew on a part time basis and was undertaken with the intention of supporting the claim of unused capacity. An inspection by a reasonable individual of the questionnaires used in the survey clearly demonstrates that there was a deliberate

front end effort to influence the outcome of the survey so that the survey would support the claim of unused capacity.

The survey by the Home Builders covered sawmills and plywood plants in California, Oregon and Washington. In fact, the survey was weighted towards California and Oregon where only 16 percent of log exports originate. A total of 132 sawmills and plywood plants are purported to have participated in the survey. Out of this total, only 27 percent of the mills responding were in Washington where 82 percent of logs exports originate. In the sawmilling segment, 82 percent of the "claimed unused capacity" was in California and Oregon where only 16 percent of log exports originate. Only 18 percent of the "claimed unused capacity", some 324 million board feet lumber tally or 235 million board feet log scale, was in Washington where 82 percent of log exports originate. Clearly the survey proves that "claimed unused capacity" is not geographically related to log exports. Further, the survey shows, if we are to believe it, that the "claimed unused capacity" in Washington is not enough to process one-tenth of the logs now being exported. If unused capacity does exist, then factors other than log expects are responsible. An independent survey of the lumber and plywood industry in Washington by the State Department of Natural Resources does not support the claim of meaningful unused capacity in our State.

Some surveys, which I am sure most of you have seen, identify specific hardship cases. Where we have been able to identify genuine hardship cases, we have arranged log offers and we will continue this effort. Let us briefly review one such survey prepared by the Western Forest Industries Association and attached to our statement as Appendix D. A Twin Harbors' stud mill, an Everett lumber mill and other Washington mills which process cull logs are reported to be short of logs and thus not operating at capacity. Since 1969, and we might add without success, the Washington State Department of Natural Resources has been willing to commit a minimum of 80 million cubic feet per year for ten years (some five billion board feet) of such logs to the industry. It cannot be claimed that a shortage of such logs does exist. In fact, the owner of one of the mills identified in the survey reported to us on March 22, 1973 that he had a year's inventory of logs. A large sawmill, a plywood plant and several small sawmills are reported to have closed down because they could not obtain logs. The largest of these refused at least two offers to supply logs. One actually closed down for plant modifications and is now operating again. Some of the mills identified in this survey are known by those of us in the industry as "hand to mouth" operations. Historically, for at least ten years, they have not changed their method of operation. They do not own timber, they do not build log inventories, and frequently they discontinue operations in the winter. To use such mills to support the claim of unused capacity because of export caused log shortages stretches the imagination. We have made prior reference to an independent survey of the forest products industry in Washington by the State Department of Natural Resources, a nationally recognized model organization. Let us now review this survey and its findings.

On March 20 and 21, 1973, professional staff members of the Washington State Department of Natural Resources contacted the owners and managers of 41 sawmills in the State, representing some 66 percent of the State's installed sawmilling capacity. All mills reported record levels of production. All mills were working eight or nine hour shifts, most reported at least two shift operation and some reported a six day work week.

Also in March of 1973, the State Department of Natural Resources in cooperation with the Pacific Northwest Forest and Range Experiment Station sent out questionnaires to industry for the purpose of updating the "Washington Mill Survey, Wood Consumption and Mill Characteristics", a publication first prepared in 1968 and updated in 1970. Inspection of these questionnaires and the 1970 report demonstrate that this is not a survey that was hastily undertaken because of some legislative controversy.

At this writing 37 sawmills have responded to the questionnaire and their responses show the following:

1. Class A and Class B Sawmills (Class A sawmills cut over 120,000 board feet per shift, Class B sawmills cut under 120,000 but over 80,000 board feet per shift).

(a) A total of 13 mills had reported by April 9, 1973.

(b) The mills reported an increase in installed capacity of 11 percent and an increase of 12 percent in production over 1970.

(c) They also reported operating 11 percent more days than they did in 1970.

2. Class C Sawmills (Those cutting from 40,000 to 80,000 board feet per shift).

(a) A total of 11 mills had reported by April 9, 1973.

(b) The mills reported no change in installed capacity, but a 16 percent increase in production over 1970.

(c) They also reported operating eight percent more days than in 1970.

(d) One mill reported adding an extra shift in 1972 and two reported working longer shifts.

3. Class D Sawmills (Those sawmills cutting under 40,000 board feet per shift).

(a) A total of 13 mills had reported by April 9, 1973.

(b) These mills reported a decrease in installed capacity of ten percent and an increase in production of 12 percent when compared to 1970.

(c) These mills also reported operating 11 percent more days than in 1970.

(d) Two mills reported adding shifts and one mill reported working more hours per shift.

Clearly, these data demonstrate that the sawmilling industry in Washington is operating above its historic capacity level and that many mills have already added extra shifts, extra hours per shift or extra days of operation.

Clearly, a few genuine hardship cases have been flown out of proportion. Log exports are being made the "whipping boy" who must explain and excuse poor management, inefficiency, insufficient working capital, and other such problems that plague some operators.

Let us now take a brief look at the motives of some of those who would ban the export of logs and the possible financial gain they will harvest if such a ban is enacted.

Many of those who oppose the export of logs are small or medium sized operators who do not own timber of their own. They are dependent, in a large measure, on public timber for their raw material needs. In order to obtain timber to supply their plants, they must compete for timber. Until relatively recent times they competed among themselves. With the advent of log exports, an element of competition, which they could not control, entered the picture. This they resent, since it forces up the price of public stumpage and thus reduces their profits. The influence of export competition on the price paid for public stumpage is demonstrated in the "Analysis of U.S. Forest Service Advertised Timber Sales—Western Washington, October 1, to December 31, 1972" which is attached to this statement as Appendix E. Conservatively, it can be determined that export competition is responsible for at least 20 percent of the price paid for public stumpage.

While we are reviewing the analysis which forms Appendix E of this statement, let us also set the record straight on a couple of points. Those who would ban exports would have you believe that they face export competition for all public timber. This is not the case. Out of a total of 93 competitive U.S. Forest Service sales during the fourth quarter of 1972 in Western Washington, 64 (or 69 percent) did not allow export competition. In fact, during the fourth quarter there were four "No Sales", three of them in the Olympic National Forest—the heart of the log exporting country. Sales which were not available to exporters and which the domestic operators refused to buy.

Those that would ban log exports also recognize that a ban on log exports would force the Japanese into the Canadian lumber market. This would have the effect of taking lumber from the U.S. market since we import lumber from Canada and do not have the capacity to convert export logs into lumber for domestic consumption. The end result would be even more severe lumber shortages and thus higher prices. Thus, those that would ban the export of logs would have the best of two worlds—lower raw material costs and high prices for their lumber.

When you and your staff have had the opportunity to assess the testimony given before this committee and to track down and put in perspective some of the claims you will find that difficulties in lumber and plywood supply are not attributable to log exports.

EXAMPLE OF LOCAL ECONOMIC BENEFITS OF EXPORTED LOGS, PORT OF TACOMA, WASH. FACILITIES ONLY

Year	Tons multiplied by economic benefit per ton [1]	Economic Value
1967	1,109,919×$16	$17,758,704
1968	1,219,809×$16	19,516,944
1969	1,078,967×$16	17,263,472
1970	1,525,363×$18	27,456,534
1971	857,391×$18	15,433,038
1972	1,057,684×$18	19,038,312

[1] Based on a study by the Research and Promotion Bureau, Division of Port Development, Delaware River Port Authority, and up-dated in 1970, as supplied by the University of Oregon Bureau of Business and Economic Research.

This is a very conservative estimate of local economic benefits by firms and individuals in direct maritime activities, and does not measure dependent and related revenues.

M fbm/Scribner×5.7=tons.

Estimated Revenue Percentages From a Ton of Cargo

	Percent
Port and terminal expenditures—pilotage, tug hire, line running, dockage	5.7
Government charges—immigration service, entrance and clearance fees	.1
Labor—stevedoring, clerking, checking, cleaning, carpentering	45.9
Repairs	.1
Supplies—dunnage, doctor, laundry, chandler	9.7
Bunkers—coal, oil, water	1.0
Miscellaneous vessel disbursements	1.1
Port terminal income—carloading and unloading, handling and storage, demurrage	15.0
Rail and motor freight revenue credited to area	12.0
Vessel crew expenditures in area	2.0
Auxiliary services—steamship agents, foreign freight forwarders, customhouse brokers, public warehouse companies, marine insurance companies foreign departments of area banks	7.4
Total	100.0

This formula was developed by the Delaware River Port Authority in a 1962 research study. The above does not take into account revenues generated outside the port terminal area, and the estimations are very conservative in certain specifics (i.e., Port Terminal Income).

IMPACT OF LOG EXPORTS ON U.S. BALANCE OF PAYMENTS

Log exports made a positive contribution of $303 million to the troubled U.S. balance of payments in 1972. Supporters of a ban on log exports have attempted to discredit this favorable impact on our trade balance by (1) correctly bringing our trade with Canada in lumber into the picture but then overstating their case, and (2) ignoring the realities of existing capacity in the log exporting region.

The following tabulation, using data provided by the U.S. Department of Commerce, indicates that the U.S. did, in fact, suffer a trade deficit, as a result of our three-way trade in logs and lumber with Japan and Canada, of approximately $103 million in 1972.

1. Total U.S. log exports (thousands board feet scribner)	3,049,351
2. Total U.S. log exports (thousands board feet lumber tally) [1]	4,208,104
3. Total value of log exports (dollars)	$392,555,000
4. Total U.S. lumber imports (thousands board feet lumber tally)	8,849,920
5. Total value of U.S. lumber imports (dollars)	$1,042,227,000
6. Average unit value of lumber imports (dollars per thousand board feet)	117.76
7. Total dollar expenditure for softwood lumber substitutes in 1972 (i.e., line 2 multiplied by line 6)	495,546,000
8. Total value of log exports (line 3)	392,555,000
9. Net deficit in balance of trade	$102,991,000

[1] Assumes a 38 percent overrun.

However, in order for this figure to acquire any significance other than that of academic interest, it must be assumed that the region in which the log exports originate has the capacity to fully convert into lumber for domestic consumption logs bound for the export market. This assumption is crucial in that there must be increased production in the Pacific Northwest to offset the loss of Canadian lumber imports which would be diverted from the United States to Japan should an embargo be placed on log exports. Clearly, the facts cannot support such an assumption.

The State of Washington was the source of approximately 82 percent of the log exports in 1972. These exports come almost exclusively from the Western side of the Cascade Range. In terms of volume, the State of Washington exported approximately 2.21 billion board feet (log scale) in 1972. Converting this to lumber tally (assuming an overrun of 38 percent for the type of log generally bound for the export market) would yield a figure of 3.05 billion board feet lumber tally.

The volume of log exports dumped on Western Washington markets because of a log export ban would be almost as great as the current domestic production of lumber in that region. Capacity would have to almost double in order to absorb and process the export volume of logs into lumber for the domestic market. Clearly, such an increase in capacity is not possible.

Home Builders Association of Metropolitan Portland, Oreg.

Survey of Operating Capacity at West Coast Lumber and Plywood Plants

Analysis by: Hal Mayhew, Forest Products Analyst, Herron Northwest, Inc., Portland, Oreg.

SUMMARY

A survey of lumber and plywood plants in Oregon, Washington and California in late February and early March 1973 revealed that production could be increased by a substantial margin if sufficient logs were available.

Returns from 102 sawmills had been received by March 16 out of a total of 347 mills surveyed. Out of this total, 54 plants indicated that they were running one shift, or not operating at all. Close to 75 percent of the mills surveyed indicated that they could increase production by means of 9-hour shifts or 6-day weeks if logs were available. The 54 plants running at less than two shifts indicated that sufficient labor was available in their areas to add shifts if raw materials were available.

The sawmills replying to the survey indicated they could increase their production by about 40 percent, or close to 148 million board feet per month, with an adequate log supply. The mills reporting had a current production of slightly over 367 million board feet per month. By combinations of extra shifts and longer work days and work weeks, the mills indicated they could produce 515 million board feet per month.

Translated to a yearly basis, the reporting mills were producing at a yearly rate of 4.39 billion board feet. With an adequate supply of logs they could increase this total to approximately 6.18 billion board feet per year. The gain of an estimated 1.7 billion board feet per year would significantly relieve shortages of lumber in the area.

Plywood mills reporting to the survey were operating at closer to rated capacity, or a three shift-five day basis. The 30 mills replying, however, indicated that they could increase production by about 15 percent by combinations of 6-day weeks, 9-hour days and additional shifts. The reporting mills had monthly production of close to 288 million square feet, ⅜-inch basis. With an adequate log supply they could increase production by 45 million square feet, bringing total monthly production to 333 million square feet per month.

On a yearly basis, the reporting plywood mills could add production of approximately 535 million square feet, ⅜-inch basis, if sufficient logs were available.

PURPOSE

The survey was conducted to determine whether log exports from the West Coast were causing domestic mills to operate at less than peak capacity. An estimated 2.78 billion board feet of logs were exported from the Pacific Coast

in 1972, mostly to Japan. These exports originated largely in Washington, Oregon and California. Existing state laws in Alaska prohibit log exports except for minor species such as Alaska Cedar.

There are no industry statistics available to our knowledge to indicate the operating capacity of West Coast sawmills on a weekly, monthly or even a yearly basis. In the case of plywood, however, the American Plywood Association publishes weekly statistics indicating the operating capacity of the plywood industry, and the ratio of production. The American Plywood Association defines capacity as three shifts, five days per week.

The purpose of the survey, then, was to determine facts on lumber operations not available from any source, and to determine whether plywood production could be increased beyond the capacity figures reported by American Plywood Association.

SCOPE OF SURVEY

The mill capacity survey was mailed to 347 lumber operations and 107 plywood operations in the three-state area, using as a source the directory "Crow's Buyers and Sellers Guide". This publication has been in existence for close to 50 years and is regarded as a reliable directory in its field.

The questionnaires were mailed to operations in the areas most likely to be affected by the sale of export logs. This included the manufacturers of lumber and plywood in the areas West of the Cascades, and to certain areas on the east slope of the Cascades where there was a proximity to ports where logs were being exported. The questionnaires were not sent to manufacturers of Cedar shingles and shakes, or to veneer manufacturers.

The first questionnaire was mailed to mills on February 12, and a follow-up was mailed on March 6th.

QUESTIONNAIRE

The questionnaire was worded to determine present production rate in terms of operating days, weeks and shifts; to determine actual monthly production at this time; and to determine what could be produced if an adequate supply of logs were available at prices compatible with the domestic market.

The mills were also asked whether they could continue to operate under present log supply conditions.

The questionnaire was worded to determine if production could be increased with the present work force by additional hours of production, or additional work days. The question was also asked whether there was sufficient labor available to add production shifts where mills were not operating at full capacity.

It was recognized that the price of logs was as much a determining factor as their availability in some areas. Prices paid by log exporters in recent months have in many areas been well above the levels which domestic sawmills and plywood plants could pay and still operate at a profit. Hence the questionnaire was worded to determine what the operations could produce if logs were available at prices compatible with the domestic market for their finished products.

TYPE OF RESPONSE

Replies from lumber operations were received from companies with monthly production ranging from 400,000 board feet to 12.6 million board feet. Plywood plants replying to the survey had production from two million feet per month to 17 million feet, and included some of the largest integrated operations.

RESULTS: LUMBER

Replies from lumber operations indicated that production could be increased substantially by additional shifts as well as added work days and hours. Less than half of the respondents were operating at capacity, which is generally regarded as two shifts, five days per week, in the lumber segment.

Working shifts.—Out of the 102 replies in the lumber category, 54 plants were running one shift or less. All 54 of these companies said they could add production by additional shifts if logs were available. The balance of the respondents were running mostly on a two shift, five day basis.

Additional days and hours.—On the subject of additional production by 9-hour days and 6-day work weeks, about three-fourths of the companies replied that production could be increased in this manner. Out of the 102 returns, 73 said they could increase production by a 6-day week, and 74 indicate they could operate on a 9-hour work day if logs were available. The gain in production by added days and work hours was not as pronounced as the gain from additional shifts, but a gain of about 15 percent was attainable in this manner.

Footage.—The 102 mills replying had monthly production of 366.5 million board feet at the present time. By all methods of increased production, including additional shifts and work schedules, the mills indicated they could produce an additional 147.4 million board feet per month. This amounts to a net gain of 40.2 percent for the mills replying to the survey.

It is recognized that this 40.2 percent gain could not be applied to mills not replying to the survey, hence no effort has been made to expand these results to an industry-wide basis. The footage gain from the 102 mills replying is substantial, however, and indicates a substantial degree of unused capacity. Out of the 54 plants not running two shifts, 30 were in Oregon, 15 in Washington and 9 in California. One of the plants, Seattle Cedar Lumber Manufacturing Co., revealed through the survey that it was closing indefinitely for lack of logs.

RESULTS: PLYWOOD

Plywood plants replying to the survey were running at close to capacity, but through a combination of methods the 30 mills could increase production by 15.5 percent if sufficient logs were available.

Added shifts.—Becase some departments in any given plywood operation may be operating two shifts while others operate three shifts, the results of this part of the survey are not as easily defined. Most of the 30 plants were running three shifts in at least a part of their operations, but a total of 6 shifts could be added with available logs. A gain in production of 5 percent could be achieved in this method.

Additional days and hours.—On the question of the six-day work week, 17 of the 30 plywood plants said they could add production in this method if logs were available. Only 4 indicated that they could add production by a 9-hour day.

The survey, as it applies to plywood, appears to substantiate the American Plywood Association statistics which show production at close to 100 percent of the rated capacity on a three-shift, five-day basis. If production is to be substantially increased, the six-day work week would be required, and at least 17 plants indicate that this could be done.

CONCLUSION

The survey indicates that there is a substantial amount of capacity in the lumber industry on the West Coast not being utilized because of log shortages. In plywood, the survey shows that a substantial gain in production could be achieved only through the six-day work week.

The respondents have indicated that they could produce an additional 147 million board feet of lumber and 44 million square feet of plywood on a monthly basis if the logs were available. Expanded to a yearly basis, this amounts to some 1.7 billion board feet of lumber and 535 million square feet of plywood.

The total volume of logs being exported, or approximately 2.78 billion board per year, could not immediately be utilized by the lumber and plywood plants replying to this survey. Allowing for conversion of log scale to lumber and plywood footage, it appears that approximately one-half of the total exports could be utilized by existing operations. Assuming that mills not replying to the survey are operating at close to rated capacity, some additional capacity would need to be built to completely utilize logs now being exported.

The approximate total of 1.7 billion board feet of lumber which could be processed by the mills replying to this survey is substantial, however, in terms of production in the area. Western Wood Products Association has estimated

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1973 production for the Coast region as 8.6 billion board feet. A gain of 1.7 billion board feet, if it could be achieved by increased log supply, would represent better than 20 percent increase in the supply from this area.

MILL CAPACITY SURVEY: LUMBER

	Washington	Oregon	California	Total
Mills reporting	28	45	29	102
Mills operating one shift or less	15	30	9	54
Current monthly production (million board feet)	75.8	161.2	129.5	366.5
Could work 6-day week	20	32	21	73
Could work 9-hour shifts	19	31	24	74
Monthly production which could be added by above means (million board feet)	10.4	24.5	21.8	56.7
Percent increase	13.7	15.2	16.8	15.4
Could add another shift	14	28	12	54
Production which could be added by additional shifts (million board feet)	16.3	52.6	26.6	96.1
Percent increase	22.3	32.6	20.5	26.2
Production which could be added by all available methods (millions board feet)	27.0	73.4	47.0	147.4
Percent increase	35.6	45.5	36.3	40.2

Approximate gain possible per year: 147.4 million fbm times 12 equals 1,769,000,000. board feet.

MILL CAPACITY SURVEY: PLYWOOD

	Washington	Oregon	California	Total
Number of mills reporting	8	17	5	30
Current monthly production (million board feet)	71.0	191.2	25.3	287.5
Could work 6 day week	5	8	4	17
Could work 9-hour day	2	2	0	4
Monthly production which could be added by above means (million board feet)	10.9	18.0	3.1	32.0
Percent increase	15.4	9.4	12.3	11.1
Monthly production which could be added by extra shifts (million board feet)	3.5	3.3	8.8	15.6
Percent increase	4.9	1.7	3.5	5.4
Production which could be added by all available methods (million board feet)	11.4	21.3	11.9	44.6
Percent increase	16.1	11.1	47.0	15.5

Approximate yearly gain possible, 44.6 million fbm times 12 equals 535,200,000 square feet

Mill Capacity Survey: Plywood

This survey is being made to determine if there is a substantial amount of plywood capacity not being utilized at this time because of the log supply situation. We urge your cooperation in filling out this questionnaire to determine what is now being produced, and what could be produced if sufficient logs were made available.

What is your present production, 3/8-basis, per month? _____

Please define your present rate of production: No. of shifts _____. Days per week _____. Hours per shift _____.

Under present log supply conditions, how long do you feel you can produce at the present rate? _____

This portion of the survey is to determine how much you could increase production over the short term, assuming *an adequate supply of logs* at prices compatible with the domestic market, and assuming a continued high rate of demand.

With your present labor force, could you add production by one or more of the following methods:

Six-day week: Yes _____ No _____ Nine-hour day: Yes _____ No _____

About how much production per month could you add? _____

If you are not running at capacity, do you feel there is a sufficient labor supply in your area to add another shift? Yes _____ No _____

If your answer is yes, approximately how much production per month could be added by the additional shift: _____

Through all combinations of extra work days or hours, and additional shifts, how much do you feel you could produce per month: _____.

Name and address of your company _____.

Plant location: _____.

Date _____.

Signed _____.

Title _____

Your cooperation is very much appreciated. Please return this questionnaire immediately to: Home Builders Association of Metropolitan Portland, 3140 Northeast Broadway, Portland, Oreg. 97232.

MILL CAPACITY SURVEY: LUMBER

This survey is being made to determine if there is a substantial amount of sawmill capacity not being utilized at this time because of the log supply situation. We urge your cooperation in filling out this questionnaire to determine what is now being produced, and what could be produced if sufficient logs were made available.

What is your present 8-hour capacity? _____.

What is your approximate monthly production now? _____.

Please define your present rate of production: No. of shifts _____. Days per week _____. Hours per shift _____.

Under present conditions, how long can you produce at this rate? _____

_____.

Do you have any production units which are now idle because of log supply problems? If so, what is their 8-hour production capacity? _____.

This portion of the survey is to determine how much you could increase production over the short term, assuming *an adequate supply of logs* at prices compatible with the domestic market, and assuming a continued high rate of demand.

With your present work force, could you add production by one or more of the following methods? Six-day week: Yes _____ No _____ Nine-hour day: Yes _____ No _____.

How much production per month could you add in this manner? _____

_____.

If you are not running at capacity, do you feel there is a sufficient labor supply in your area to add another shift? Yes _____ No _____.

If your answer is yes, about how much production per month could be added by the additional shift? _____.

Through all combinations of extra work days or hours, and additional shifts, how much do you feel you could produce per month? _____.

Name and address of your company: _____.

Date _____.

Signed _____.

Title _____.

Your cooperation is very much appreciated. Please return this questionnaire immediately to: Home Builders Association of Metropolitan Portland, 3140 Northeast Broadway, Portland, Oreg. 97232.

LOG SUPPLY AND LUMBER PRODUCTION—RANDOM MILL SAMPLING, FEBRUARY 16, 1973

Twin Harbors (Stud Mill)

Reduced in December from two 9 hours shifts to two 8 hour shifts. Plans to reduce to one 8 hour shift in April. Receiving low grade logs. In April will be operating at ⅓ of normal capacity.

Roesler Timber (Siding & Shake)

Reduced in December from two shifts to one shift.

Seattle-Snohomish (Doug fir specialty)

Operating on one shift. Shut down two weeks for equipment repairs. If hadn't done so, would have shut down for lack of logs. At 80% production (one shift) due to low-grade logs. Could operate two shifts if adequate log supply.

Evans Products Plywood—Hoquiam

Cut down 155 people—rehired 55. Now trying to operate on cottonwood. Mill workers (laid off) picketing export years.

Anderson & Middleton

One shift—would operate two shifts if wood supply up. Has one year F.S. standing inventory and 3 to 6 months Indian timber, after that nothing in sight.

Mt. Adams

Operating three shifts. Low inventory. Could start 4-foot lathe with more logs.

C & E Lumber

Shut down for lack of logs. Plan to resume operations as soon as adequate inventory of logs is obtained.

Cowlitz Veneer

Shut down for lack of logs. Liquidating plant.

Great Western

Operating two shifts. Cutting hardwoods. One month supply of logs at hand. Depleting standing inventory. Nothing in line for fall. Production down through production of hardwoods.

Everett Lumber

Now operating one side, one shift at ¼ to ⅓ capacity. Cutting pulpwood (utility logs). If log supply gets better, will change to two shifts—both sides.

Carka Mill

Operating one shift at 70% of normal production. Junk logs. Three weeks supply of logs. Two shifts possible with better log supply.

W.R.P.

Operating two shifts at main standard sawmill, one shift at shake mill, and one shift at chip and saw mill. Would increase production if log supply available. 1½ year standing inventory at present rate of cut. Low log inventory in log.

Manke

Cut from two shifts to one skeleton shift in December. Hopes to start second shift in six weeks. ⅓ capacity now.

Dickman

Cutting junk logs. One shift only. 70% production. Limited log and standing timber supply. Hand to mouth.

Barbee

Operating month to month basis, one shift. Would go to two shifts if adequate log supply available.

Everett Plywood

Operating lath at 65–70% of capacity due to supply and quality.

Portage Creek Mill

Shut down—no logs.

Weloo

Operating in part with Canadian import cants. If high cost logs continue, the price exceeds lumber prices. Raw log supply too costly to operate.

Preston Mill

Operating one shift. Have shut down numerous times (one and two days) due to lack of logs.

Packwood Lumber

Operating two shifts. Log inventory on hand for about six weeks. Using low grade logs. Production down. Long-term standing inventory critical.

Cowlitz Stud

Operating two shifts on junk logs. Some 30 days inventory on hand. Trucking logs from Longview. Production down 50% due to inferior grade logs.

Weyerhaeuser Export Yard—Tacoma

Yard built to handle 80 MMBF per year. Now operating seven eays per week, two 12-hours shifts. (Started push in late December—early January.) 1.9 MM average input per day, six days a week. Will exceed 200 MM in first six months. Some 275 truck loads 8 a.m. to 5 p.m. plus 50 loads at night plus 80 railcars per day. About 500% increase over last. Large log truck traffic jams on city streets. One week 280 load overflow went in to Pan Pacific Yard. 50—50 hemlock and fir.

Weyerhaeuser—Longview

Big push also.

Analysis of U.S. Forest Service Advertised Timber Sales—Western Washington, October 1, to December 31, 1972

SOURCE OF DATA

Data for his analysis were obtained from the U.S. Forest Service. Detailed information for all sales in the Gifford Pinchot, Mount Baker, Olympic, and Snoqualmie National Forests was obtained from "National Forest Advertised Timber Sales Region Six, October 1—December 31, 1972", a regular and periodic publication issued by the Portland, Oregon office of the U.S. Forest Service. Additional information was obtained from the National Forest Headquarters offices at Vancouver, Bellingham, Olympia, and Seattle (all located in Washington).

NUMBER OF SALES OFFERED

In the fourth quarter of 1972, a total of 102 timber sales were offered by the U.S. Forest Service in Western Washington as follows:

National forest:	*Number of sales offered*
Gifford Pinchot	29
Mount Baker	23
Olympic	20
Snoqualmie	30
Total	102

Out of the 102 timber sales offered, a total of 98 sales were consummated. Four timber sales offered did not result in a sale. Three of the "No Sales" were in the Olympic National Forest and one was in the Gifford Pinchot National Forest. It is significant that all four "No Sales" resulted from offered timber sales which were reserved for domestic mills—offered sales which do not allow log exports. In the Olympic National Forest, 14 offered competitive sales which were reserved for domestic mills produced three "No Sales". This is particularly significant since the majority of log exports originate from the Olympic Peninsula.

Only 29 of the timber sales offered for sale by competitive bid allowed the export of a portion of the timber harvested.

VOLUME SOLD

A total of approximately 404 million board feet of timber was sold by the U.S. Forest Service in Western Washington during the fourth quarter of 1972. Of this volume 63 million board feet (approximately 16 percent) is the maximum volume which can be exported. Western hemlock and Douglas fir were the major specie is in the timber sold and comprised 63 percent of the total 404 million board feet sold.

STUMPAGE PRICES

The appraised and bid prices for Western hemlock and Douglas fir are summarized in Table 1 below. These data show that the weighted average price paid for Western hemlock and Douglas fir stumpage (63 percent of all stumpage) from the National Forests of Western Washington during the fourth quarter of 1972 was $92.75 per thousand board feet. These data also permit the determination of the contribution made to stumpage costs by domestic and export competition. Such a determination can be made as follows:

ANALYSIS OF U.S. FOREST SERVICE ADVERTISED TIMBER SALES IN WESTERN WASHINGTON, FOURTH QUARTER 1972

Type of sale	Non competitive [1]	Competitive not permitting export [2]	Competitive permitting export [2]	All sales
Total number of sales	5	64	29	98
Number of "no sales"	0	4	0	4
Total sales volume [3]	6,925	197,902	199,517	404,344
Export volume [3]	1,200	0	62,050	63,250
Western hemlock:				
Volume [3]	2,780	49,593	78,170	130,543
Appraised price	37.76	40.63	34.95	37.17
Bid price	37.76	64.86	108.57	90.46
Douglas fir:				
Volume [3]	3,980	70,182	48,760	122,922
Appraised price	67.15	73.69	60.36	68.19
Bid price	67.15	98.44	92.78	95.18
Western hemlock and Douglas fir combined:				
Volume [3]	6,760	119,775	126,930	253,465
Appraised price	55.06	60.00	44.71	52.21
Bid price	55.06	84.54	102.50	92.75
Ratio of bid to appraised price	1.00	1.41	2.29	1.78

[1] Sale method: Noncompetitive and unadvertised.
[2] Sale method: Auction and sealed bid.
[3] Thousand board feet.
[4] Dollars per thousand board feet.

1. Total volume of western hemlock and Douglas fir sold (thousand board feet	253,465
2. Average bid price for western hemlock and Douglas fir (dollars per thousand board feet)	92.75
3. Total price paid for western hemlock and Douglas fir	$23,508,879
4. Average appraised price for western hemlock and Douglas fir (dollars per thousand board feet)	52.21
5. Total appraised price for western hemlock and Douglas fir	$13,233,408
6. Constribution to bid price due to all competition; line 3—line 5	$10,275,471
7. Contribution to bid price due to domestic competition; line 5 x 0.41	$5,425,697
8. Contribution to bid price due to export competition; line 6—line 7	$4,849,774

Thus Western hemlock and Douglas fir stumpage costs in Western Washington can be estimated to be made up of the following components as shown below:

Component:	*Percentage contribution to total stumpage price*
Appraised price	56.3
Domestic competition	23.1
Export competition	20.6
Total	100.0

IMPLICATIONS

In 1972, the Washington State Department of Natural Resources sold stumpage for $44,060,521, which provided 88 percent of the Department's income. Without the influence of export competition, this stumpage could have sold for as low as $34,984,054 and the income of the Department could have been down by 18 percent. Some $9,076,467 could have ended up in the pockets of individual operators in the State. Citizens of the State could have had to pay an additional $6,807,350 in taxes to support their schools and county governments. The D.N.R. management fund could have been reduced by $2,269,117, some 18 percent, and the level of management of the State's natural resources could have fallen.

Mr. STANLEY. I am 2 minutes in the hole. To what number of minutes should I address myself, and I'll try my best.

Senator PACKWOOD. Mr. Stanley, we are still trying to finish the testimony by 5:30. The reporter has never seen so much testimony in his life. He is running out of tape.

Mr. STANLEY. I will try to be kind.

Senator Packwood, my name is Earl W. Stanley. I am executive director of the Washington State School Directors Association, which is a State agency in the State of Washington, comprising of all the local schools in the State of Washington. It is with great regret I must express my opposition to your legislation. We are astonished and disappointed that a man of your intelligence, wit, and charm, would allow his name to be associated with such a miserable case of legislation. Actually, because the—because of the time limitation, I have decided to limit myself to just one, presumably, unanticipated side effect, which there are indeed great many in connection with this proposal.

I would elect myself to the very serious injury which this measure if passed would do to school construction in the State of Washington. I might add, how in the world would this work? Well, as you know, under the act of Washington, Oregon, Idaho, Montana, they signed a treaty or a convenant to joint the Federal union under certain conditions, and one of them was that every section 16 and 36 would be granted as a continuing resource for the public schools. Other States by in large, further, I believe, frittered away the lands, until most States have very little. In today, Washington was fortunate having legislators with enough farsightedness in the administration of great skill in the construction of public, and schools in Washington State, and so have a resource of 1,745,000 acres. And a great amount of that is in timber bearing land. And in all of the revenue, which one might define as the renewable resources, from the public, and school lands, by far the largest amount comes from the sale of logs. To put it commonly, that is where the dough is. Now, what becomes of the dough? Under a change in law both Federal and in the State, a change in our State constitution, about half of it is used to pay for the ungoing pay as you go, State construction, school construction, State aid, and the other 50 percent of the revenue from the sale of logs issued to issue bonds for school construction authorized by the legislature. And this money encourages local districts to make a real tough effort to raise money to quality for aid. And then that aid varies from 20 percent in relative prosperous districts to as high as 90 percent in districts in emergency conditions. This makes it possible for us, indeed, to build and remodel schools, and, Senator, this is our only source of revenue for school construction.

How about the amount of money involved. I'll be very brief. Last year this was about $18 million. This year, for the first quarter and a half, we got one quarter of that amount. If we run totals on a straight line, it would show that we get about $67 million this year. We are proposing that we will be getting about $30 million.

Senator PACKWOOD. That's not bad.

Mr. JACKSON. For school construction?

Senator PACKWOOD. $30 million this year?

Mr. JACKSON. Yes. This is our projection. Now, as a conclusion with due respect to your office, and I mean this with greatly sincerity, after all I have been a citizen of Oregon for many years, this

proposal is based on an outmoded policy of economic isolationism, which was discarded, with good cause, at the turn of the century. How much more constructive was the philosophy of the John F. Kennedy administration which negotiated an effective succession of reductions in trade barriers and made a great contribution to prosperity. We respectfully urge that you get off this kick as quickly and gracefully as you can.

Senator PACKWOOD. Thank you very much.

Mr. Burkland?

STATEMENT BY DON BURKLAND, PRESIDENT, BURKLAND LUMBER CO., TURNER, OREG.

Mr. BURKLAND. My name is Don Burkland, president of Burkland Lumber Co., located 10 miles outside of Salem, town of Turner. I recently made a trip to Japan, and spent about 10 days there and covered the lumber and forestry industry the best I could, just for information purposes. I was fortunate and I had the trip pretty well lined up. I got to meet with the leading association people there, and I was taken to the lumber market. I visited several sawmills, and visited the major buying concerns in Japan, and from all indications I could get, that this is not a temporary situation, that they are going to be after our logs.

Politically, they are aware of what's going on here, and I do anticipate some voluntary restrictions on buying. Some of the things that I would like to point out and present today, and it's been brought up several times, the log exports from the State of Washington, that and the lack of mill capacity, we're constantly in search of logs. We do buy them from the State of Washington whenever hemlock logs are available, and this is—we have been buying for several years, and recently it's been hard to get, but at the present time we have made a purchase of some hemlock logs from the State of Washington, where this buyer choose to export the fir, so the hemlock was available for domestic use. Now, they are not a cheap price, of course, and I might add I didn't bring in that we were totally a hemlock mill. Last year we produced 94 million ft. As to additional capacity for this year, we went through this with our mill foreman and our superintendent, and we could increase the capacity of our mill this year without any change in equipment another 10 mill board feet if we had the logs available.

Now, what is happening to us as well as many like us is that we are very rapidly using up the reserves that we need to maintain a consistent operation. In other words, we're cutting timber today that we don't want to cut. We're cutting our own timber, our source of supply from the suppliers that we normally get from, and it is drying up.

You are going to hear testimony from a Mr. Lee Robinson of Longview Fiber, and nothing personal, but we've consistently, through the last few years, have been buying a large amount of logs from this company. We have practically lost that supply. It hasn't increased recently, and that has been lost to the price of the Japanese export market. There's no question about that. An indication of yes-

terday's sale, and this is current, we went to three sales. I'll mention one. This is the Mt. Hood National Forest.

Senator PACKWOOD. Don, 1 minute.

Mr. BURKLAND. This particular sale was 3.3 million of hemlock. It was below average quality, and we were interested in it for 2 million ft for export. It was bid to $160 on the stuff, which puts us out of the picture. I think we're for the long pull, and we're very, very shortsighted if we let our log supply go to Japan. I'd have more to say, but to summarize this up, and I appreciate the fact that I'm even able to speak this afternoon, but to summarize this up, Senator, I want to congratulate for taking a strong stand, and I know you've been getting a lot of abuse, but I certainly am wholeheartedly in support of your bill, but can I add one more little thing?

Senator PACKWOOD. You have 30 seconds worth.

Mr. BURKLAND. All right. For instance, there was a BLM sale that went by the board and nobody bid it. Okay. So, to buy that sale, we had to export—have exports into the picture. So, we bought the sale, and it was no—a nonexportable product.

Senator PACKWOOD. I have to call time on you. Let me ask you two questions. You're a hemlock mill, you say?

Mr. BURKLAND. That is right.

Senator PACKWOOD. We've had some other testimony about hemlock being not a very desirable species and not very marketable. How long have you been a hemlock mill?

Mr. BURKLAND. That goes back a long ways, probably 20 years.

Senator PACKWOOD. You, apparently, have no difficulty, marketing your products?

Mr. BURKLAND. None at all. It is a very acceptable product.

Senator PACKWOOD. Now, I'm curious you mentioned that in Japan you picked up some rumors about the fact that the Japanese might voluntarily be thinking of restricting their log purchases. Could you elaborate on that a bit?

Mr. BURKLAND. Well, they are very careful on what they have, of course, but it was indicated that this might be very well happening, and they are aware of this bill, and they are aware of all the publicity of exports, and I think they are playing it a little bit cool.

Senator PACKWOOD. Thank you very much. I apologize for leaving you off the list.

Mr. Walicki?

STATEMENT BY JOE WALICKI, WILDERNESS CONSULTANT, THE WILDERNESS SOCIETY, EUGENE, OREG.

Mr. WALICKI. Thank you, Senator. I would like to first thank you for your time and effort to get to the facts on this complicated issue of log exports.

My name is Joe Walicki, and I live in Eugene, Oreg. I am a wilderness consultant for the Wilderness Society. The Wilderness Society is a national nonprofit environmental organization of some 80,000 members dedicated to preserving the last of our unprotected wild areas to educational programs and field trips conducted throughout the Nation.

The Wilderness Society would like to go on record vigorously supporting S. 1033. We believe that a complete ban on log exports from private and public lands is in the national interest. We will confi our remarks to the relationship of log exports to the protection defacto wilderness areas in our national forests.

We have five points that we wish to bring to the attention of the subcommittee.

And now I will begin to summarize my statement and skip around a little bit. It is our feeling that the allowable cuts in national forests is too high right now, and that adequate and environmental safeguards are not being met, and our reasoning for this is on page 1 in my statement. An increase in the amount of timber for sale and as proposed by the Cost of Living Council would only further hurt our national forests resources and environmental values. A ban of log exports would ease the pressure on public timber, and, in the meantime, the Forest Service should heed the advice of environmental groups to adequately safeguard the forest resources by complete environmental analysis of the effects of all their timber sales, roads, and other projects.

2. The amount of wilderness that's protected today under the national wilderness preservation system is around 11 million acres.

To put this figure in prospective, the lower 48 States contain about 2 billion acres of land. Nationally, the acreage owned or controlled by timber companies is about 65 million acres. That would be an area larger than New York, Connecticut, and Massachusetts combined. The top 12 timber companies own about 35 million acres. I will have a breakdown of these figures in my exhibit no. 1. There is more than three times the amount of land that is protected as wilderness right now.

3. Recently, the Forest Service released a draft environmental impact statement on the selection of some 235 identified wilderness areas for study as possible wilderness areas in the future. Most of the areas tentatively selected for study were low-producing sites, while most of the identified areas not selected for study were high-timber producing sites. This again points out the fact that the Forest Service is not oriented towards balance use of the forest resource, but towards one dominant use, timber production.

4. The Wilderness Society is very concerned about the availability of timber in the Northwest for commercial use, as this has a direct bearing on the protection of defacto wilderness areas. We see large amounts of timber being harvested from private lands and shipped overseas. We see the price of timber rising so fast and so high that it then makes it economically feasible to log areas of marginal site quality in our public lands. The harvesting of timber on private lands has a profound effect on all lands surrounding it, as well as the management direction of the national forest lands. The public must have access to the facts if we are to make rational decisions on proper land use planning.

5. Attached is exhibit No. 4 and is the statement of Stuart Hirsh, who spent two seasons as a wilderness ranger on the Klamath district of the Winema National Forest. Stu has a BS in foresty and an MA in recreation and resource development. I think the information he presents will be of interest to the subcommittee.

In summary, the Wilderness Society firmly believes, based on the above facts, that with a complete ban on log exports from private and public lands, the task of preserving for the American people and people of all nations the many beautiful and wild lands, unroaded and untouched by man, will have been made significantly easier. Thank you.

[Complete statement of Wilderness Society follows:]

TESTIMONY OF THE WILDERNESS SOCIETY BEFORE THE INTERNATIONAL FINANCE SUBCOMMITTEE, U.S. SENATE, CONCERNING LOG EXPORTS

Mr. Chairman, my name is Joe Walicki, of 1632½ High Street, Eugene, Oregon, 97401. I am a Wilderness Consultant for The Wilderness Society. The Wilderness Society is a national non-profit environmental organization of some 80,000 members dedicated to preserving the last of our unprotected wild areas through educational programs and field trips conducted throughout the nation.

We thank the Subcommittee for inviting us to present our views on this most important and complex issue of log exports. The Wilderness Society would like to go on record vigorously supporting S. 1033. We believe that a complete ban on log exports from private and public lands is in the national interest. We will confine our remarks to the relationship of log exports to the protection of defacto wilderness areas in our National Forests.

We have a number of points that we wish to bring to the attention of the Subcommittee.

(1) In a recent report to Congress by the General Accounting Office on logging and roadbuilding in national forests in California, the Pacific Northwest, the East and the South, it stated that "Clear-cutting. . . .has resulted in massive landslides and the destruction of fishing steams in government-owned forest lands. . .Timber sale and road construction planners often did not obtain advice from appropriate resource specialists during project planning. . .In many instances such projects caused serious damage to forest resources and environmental values. . ."

From my own conversations with Forest Supervisors here in Oregon, I have found only one forest regularly using the Multi-Disciplinary Team approach (resource specialists) in planning (Mt. Hood National Forest). But this has been just on selected projects and *not* on every timber sale or road project. Most of the other forest do not use their MD teams very often.

It is our feeling that the allowable cut on national forests is too high right now and that adequate environmental safeguards are not being met. An increase in the amount of timber for sale, as proposed by the Cost of Living Council, would only further hurt our national forests environmentally. A ban of log exports would ease the pressure on our public timber and in the meantime, the Forest Service should heed the advice of environmental groups to adequately safeguard the forest resource by complete, and I emphasize the word complete, environmental analysis of the effects of all their planned timber sale roads and other projects.

(2) The amount of wilderness that is protected today under the National Wilderness Preservation System (set up by the Wilderness Act of 1964) is around 11 million acres. With a lot of hard work by conservationists all over the nation, that figure could rise to about 50 million acres in the next 10 years.

To put this figure in perspective, the lower 48 states contain about 2 billion acres of land. 50 mil lion acres is just over 2% of 2 billion. 2% is not avery large percentage of protected wilderness areas considering the growth of outdoor related activities over the last 10 years with a steady increase forecasted. People are heading to the roadless areas in our national forests in such increasing numbers that a voluntary permit system has been implemented by the Forest Service in Oregon, Washington, and California. It will only be a matter of time before strict limits are made on how many persons can enter a wilderness.

Conservationists in Oregon (banded together in a newly formed organization called the Oregon Wilderness Coalition) are asking for only a small fraction of our national forest lands to be declared Wilderness under the Wilderness Act. Out of 15,400,000 acres of national forest land in Oregon, only 800,000 acres is protected now. We would like an addition to the National Wilderness Preser-

vation System of some 1.7 million acres which (totaled with the existing wilderness) is only 16% of the national forest land and only 4% of the total land mass of Oregon.

To put the above figures further in perspective, we offer these statistics: nationally, the acreage owned or controlled by timber companies is about 65 million acres, an area larger than New York, Connecticut, and Massachusetts combined. The top twelve timber companies own about 35 million acres. This is more than 3 times the amount of land that is protected as wilderness right now!

(3) Recently, the Forest Service released a draft environmental impact statement on the selection of some 235 identified roadless areas (out of a possible 1,448) for study as possible wilderness areas in the future. (It is the feeling of the Wilderness Society and other organizations that the impact statement was woefully inadequate. Most of the areas tentatively selected for study were low timber producing sites while most of the identified areas not selected for study were high timber producing sites. This again points out the fact that the Forest Service is not oriented towards balanced use of the forest resource but towards one dominant use, timber production.)

Adding up the total yearly allowable cut impact of *all* the identified roadless areas (1,448) amounts to 2.3 billion board feet. Utilizing the log export figure for 1972, 2.8 billion board feet, it is clearly evident that we exported more trees than could be cut on a sustained yield basis (in one year) from all the unprotected roadless areas that remain in the western national forest, some 56 million acres.

(4) The Wilderness Society is very concerned about the availability of timber in the Northwest for commercial use, as this has a direct bearing on the protection of defacto wilderness areas. We see large amounts of timber being harvested from private land and shipped overseas. We see a continual increase in pressure from the timber industry to harvest greater amounts of trees from our national forests. We see the price of timber rising so fast and so high that it then makes it economically feasible to log areas of marginal site quality in our public lands. Many of these marginal areas are located in the last unprotected undeveloped areas of our national forests.

A couple questions that continually come to mind when we review the above facts are: a) exactly how much standing timber is remaining on lands owned by the timber industries? b) is the industry practicing yield forestry? c) are they cutting and selling as quickly as possible (mining the timber) with the knowledge that when they exhaust their supply of timber, they can get more from the national forest?

Many environmental organizations, including the Wilderness Society, believe this is happening right now. The often quoted "Douglas Fir Supply Study" by the Forest Service states that a drastic ". . .reduction in annual private harvest. . ." in western Oregon and southwest Washington will take place within 30 years.

I have had the opportunity to fly with the Forest Service over lands managed by private industry. Everywhere that the ranger pointed to privateland, I could see thousands of acres with denuded hills—nothing but stumps as far as one could see.

But, to document exactly how much standing timber is left on private land the age profile is impossible. These records are closely guarded secrets. We urge the Subcommittee to incorporate in the legislation we are discussing here, provisions that will compel the timber industry to report to the public exactly what volume and acreage of standing timber remains on their lands, reforestation information and other miscellaneous data.

The harvesting of timber on private land has a profound effect on all lands surrounding it, as well as the management direction of the national forest lands. The public must have accress to the facts if we are to make rational decisions on proper land use planning.

(5) Attached is a statement by Stuart Hirsh, who spent two seasons as a Wilderness Ranger on the Klamath District of the Winema National Forest. Stu has a B.S. in Forestry and a M.A. in Recreation and Resource Development. I think the information he presents will be of interest to the Subcommittee.

The Wilderness Society firmly believes, based on the above facts, that with a complete ban on log exports from private and public lands, the tasks of preserving for the American people and people of all nations the many beautiful and wild lands, unroaded and untouched by man, will have been made significantly easier.

Thank you.

HOLDINGS OF TOP 12 TIMBER COMPANIES

Company:	*Holdings (acres in millions)*
International Paper	7.0
Weyerhauser	5.6
Georgia-Pacific	4.[illegible]
St. Regis	3.9
ITT (Rayonier)	2.1
U.S. Plywood Champion	2.0
Scott Paper	1.8
Boise-Cascade	1.8
Union Camp	1.6
Crown Zellerbach	1.6
Kimberly-Clark	1.5
Continental Can	1.4
Total (top 12)	34.8

Source: *Moody's Industrial Manual, 1971.*

OREGON WILDERNESS COALITION

THE LAST WILDERNESS NEEDS YOUR VOICE—1.7 MILLION ACRES

Please write to: Mr. John R. McGuire, Chief, US Forest Service, Dept. of Agriculture, Washington D.C. 20250 (with copies to your Representative and Senators) and tell him: 1. you support the *current* list of wilderness study areas, and 2. to *STUDY* for wilderness the 43 areas listed below (include any personal comments on the areas). *Deadline. Ap. 18th.*

ACREAGE OF NATIONAL FOREST LAND IN OREGON

National forest	Area	Acreage
1. Mount Hood	Mount Hood Wilderness additions	34,002
2. Mount Hood	Roaring River	27,000
3. Mount Hood, Willamette	Bull-of-the-Woods/Little North Santiam	37,000
4. Willamette	Mount Jefferson (North Fork Breitenbush River, Devils' Ridge, Puzzle Creek, Big Meadows.	25,100
5. Willamette, Deschutes	Three Sisters (Walker, Rebel, French Pete Creeks, Maiden Peak, Many Lakes, Williamson Mountain, north and east side (Nos. 1-5, 1-3), Squaw Creek.	151,500
6. Willamette, Deschutes	Timpanogas/Summit Lake-Windigo/Sawtooth	31,000
7. Umpqua	Boulder Creek	20,000
8. Rogue, Winema	Sky Lakes	125,000
9. Rogue, Klamath, Siskiyou	Red Buttes (Seiad, Thompson, Butte Fork, Craggies, Craggy Mountain).	67,000
10. Siskiyou	Kalmiopsis (areas Nos. 1, 2, 3, 5, 6, 7A, 7B, 8, 9, and adjacent lands).	264,400
11. Siuslaw	Ten Mile/Cummins Creek	11,200
12. Malheur	Strawberry Mountain wilderness additions	39,500
13. Umatilla, Wallowa-Whitman	North Fork John Day	75,000
14. and 15. Wallowa-Whitman, Payette, and Nezperce.	Imnaha Face, Snake River, Hells Canyon-Seven Devils Scenic Area, Rapid River.	421,000
16. and 17. Umatilla	Wenaha (areas Nos. 12, 13, 14, 16, 19)	199,400
18. Siuslaw	Rock Creek (Waldport No. 4)	5,600
19 Mount Hood	Eagle (Gorge)	53,000
20. Mount Hood	Eagle-Huckleberry	30,000
21. Mount Hood	Badger Creek	21,000
22. Willamette	Little North Santiam (see No. 3)	
23. Willamette	Middle Santiam	20,000
24. Willamette	Echo Mountain	7,100
25. Willamette	Smith Reservoir/Tamolitch Valley	6,700
26. Willamette	Mount Washington wilderness additions	17,300
27. Willamette	McLennen Mountain	7,400
28. Willamette	Chucksney Mountain	13,900
29. Willamette, Deschutes	Cascade Crest/Maiden Peak	48,500
30. Willamette, Deschutes	Diamond Peak wilderness additions	20,800
31. Umpqua	Bulldog Rock	10,200
32. Umpqua, Deschutes, Winema	Windigo-Thielsen/Upper Little Deschutes/Cascade Crest East	97,900
33. Umpqua	Mount Bailey	16,000
34. Umpqua, Rogue	Rogue-Umpqua Divide	53,000
35. Umpqua, Rogue, Winema	Thousand Springs, Sphagnum Bog, Boundary Springs, Park Rogue/Winema, Panhandle No. 2.	32,400
36. Rogue	McDonald Peak	9,000
37. Siskiyou	Shasta Costa/Rogue	39,000
38. Siskiyou	Grassy Knob	19,700
39. Ochoco	Mill Creek	13,200
40. Fremont	Gearhart Mountain wilderness additions	360
41. Fremont	Deadhorse Rim	11,200
42. Umatilla	Texas Butte	11,600
43. Wallowa-Whitman	Cook Ridge	21,000

THE LAST WILDERNESS NEEDS YOUR VOICE

The fate of 56 million acres of magnificent but unprotected wilderness in the national forests of America is about to be decided, once and for all. Never has the need for response from our members and cooperating individuals and groups been greater. Momentous wilderness decisions will be made in the next few months. You can have a voice, but you must act today.

Of more than 1,400 roadless areas in the national forests, some will be selected for study of their wilderness potential. Those selected thus far are woefully inadequate. You can help the Forest Service select a larger, more comprehensive list.

This alert outlines the background of the Roadless Area Inventory, and provides you with the information you need to make informed comments to the Chief of the Forest Service.

Background of the inventory

Over the past 18 months, the Forest Service has conducted a hasty inventory of all roadless, undeveloped areas remaining within the national forests of the West. This is the *de facto* wilderness — never given formal protection, but still wild and undeveloped; it is wilderness in fact. Because it has no formal protection, *de facto* wilderness is fast disappearing, and with pressures from lumbermen and others, what is not soon protected will simply be lost before its wilderness values can even be properly studied.

The Forest Service field inventory found 1,448 separate roadless areas, totaling about 56 million acres (a good number more were overlooked). 35.5 million acres are in the western states and 20 million in national forests in Alaska. Only three areas (45,500 acres) were found in the East and South.

Once it had this raw inventory of roadless areas, the Forest Service moved to select certain areas for formal wilderness study under the procedures of the Wilderness Act. The new "Wilderness Study Areas" which are selected will be given interim protection until Congress ultimately decides whether they will be designated as wilderness. The roadless areas *not* selected will be dropped back into the general forest land category, to be made available for multiple-use development. [Fortunately, as a result of an important Sierra Club lawsuit, the Forest Service will be required to prepare a detailed Environmental Impact Statement on all proposed development within the non-selected areas, so some may receive further consideration for wilderness.]

Basically, it comes down to this: over the next few weeks and months, the Chief of the Forest Service will make selections for his final list of new Wilderness Study Areas. Areas on his list will be given wilderness study, areas excluded will be readily subject to development pressures. How extensive the Chief's final list will be, and whether it will include key areas identified by wilderness conservationists, will have a profound effect on the future size, distribution and overall quality of the National Wilderness Preservation System.

Send your comments to:

John R. McGuire, Chief
Forest Service
U.S. Department of Agriculture
Washington, D.C. 20250

Write no later than April 18, 1973 and send carbon copies, if you can, to your Congressman and Senators.

Your Voice Will Count

People living in urban areas and the eastern half of the country generally have had no voice yet in these wilderness decisions. But the lands involved are *public* lands and the wilderness at stake is a *national* heritage. Even if you cannot speak from personal knowledge about specific areas, you have a right to speak for wilderness. Even if this alert is delayed in reaching you beyond April 18, we urge you to write.

Tentative List Inadequate

On the basis of the inventory and a preliminary analysis, the Chief on January 18 announced a tentative list of new wilderness study areas. His final list will be based on a review of those tentative selections, in view of comments made by the public *prior to April 18th*. The final list should be announced by the middle of this summer.

Of the 1,448 inventoried roadless areas (56 million acres), the Chief's January 18 tentative list selected 235 areas, totaling 11 million acres, as tentative wilderness study areas. This is *less than one fifth* of the roadless land inventoried! But in fact, 61 of the tentatively selected areas (4.7 million acres) *were already committed* for wilderness study anyway, so only 174 *new* areas, totaling a mere 6.3 million acres were actually proposed for added protection and study. This is *less than one eighth* of the roadless land inventoried.

In making his tentative selections, the Chief failed to include a significant number of areas which environmental groups had long recommended for wilderness consideration. Such superb roadless areas as the Lost

Creek and Holy Cross areas in Colorado, the Pioneer Mountains in Montana, the North Fork of the John Day and the Wenaha Backcountry in Oregon and Washington, and the Carson-Iceberg area in California were excluded, as were large undeveloped areas in other western states. Often, the boundaries of the selected study areas excluded important lands which should at least receive consideration.

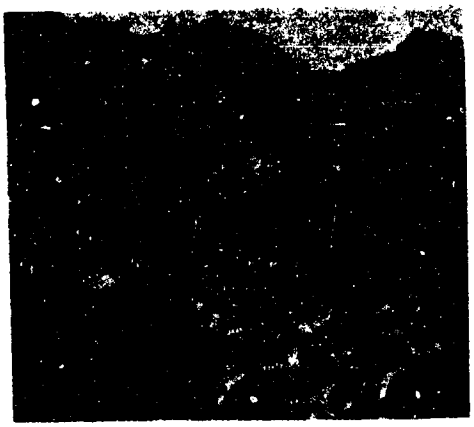
Surely more than 12 percent of the remaining roadless, undeveloped *de facto* wilderness of your national forests deserves at the very least to be studied carefully and considered for wilderness designation! Congress makes the ultimate decision on each new wilderness area and obviously not all the roadless lands will be designated. But the formal study procedures of the Wilderness Act provide for detailed studies and public hearings which would assure that the wilderness possibilities are fairly considered.

If the list is to be expanded, the Chief of the Forest Service must hear from thousands of concerned citizens across the country, to let him know that people everywhere recognize their personal stake in this decision:

- Citizen-conservationists should strongly support wilderness study for the areas on the Chief's tentative list, to insure that they remain on his final list.
- Citizen-conservationists should call for inclusion of additional areas, which are being recommended by local teams in each vicinity, to assure that an adequate number of Wilderness Study Areas are selected.

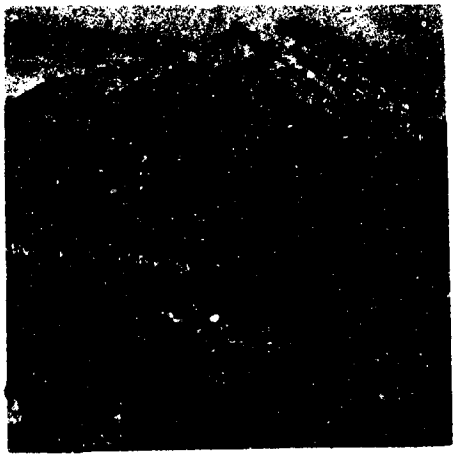
How The Forest Service Selected Tentative Wilderness Study Areas

Because the Roadless Area Inventory was so hastily compiled during the winter season when most areas were inaccessible, factual resource data on each area



Conservationists seek the addition of the Alpine Lakes Area in Washington State to the Chief's wilderness study list.

Photo by Edwin J. Dodge



New timber cutting and development is rapidly encroaching on roadless lands with significant conservation values adjacent to existing wilderness areas (Mt. Jefferson Wilderness, Oregon).

is often meager. This data, together with impressions gained by the Forest Service at hundreds of "public meetings" held in local communities, was condensed into several key, standardized factors, which in turn were fed into computers to obtain a "stratification" of the 1,448 areas.

The key factors considered were:

a) **Quality Index** — a number from 0 - 200 derived from judgments about scenic quality, size, isolation and likely dispersion of visitors within an area.

b) **Total Opportunity Cost** — a dollar figure, totaling together the likely administrative expenses, land acquisition costs, mineral values, potential water development values and timber values of each area.

c) **Public Involvement** — distinguishing areas with substantial support, substantial opposition or mixed public response.

On the basis of these factors, the computer ground out three lists: A **Green List** of areas already under wilderness study and other units having the highest apparent wilderness potential (according to the factors fed into the computer), a **Yellow List** of areas of intermediate desirability, and a **Red List** of areas with the highest opportunity cost and lowest quality index, and thus assumed to be least desirable for wilderness purposes. From these lists, together with some juggling based on input from the regional foresters, the Chief obtained his tentative list of 235 wilderness study areas—and his list of 1,213 areas (45 million acres) not selected for further consideration.

While we can appreciate the difficulties facing the Forest Service in trying to find a rational way to make these selections, we conclude that neither the Forest Service nor the public has adequate information yet

(Text continues on page 4)

Environmental Impact Statement Weaknesses

Accompanying the Chief's tentative list was one draft Environmental Impact Statement (EIS), including a complex description of the analytical procedures used to obtain the list. Under the National Environmental Policy Act, citizens have an opportunity to comment on the adequacy of this EIS, and thus on the adequacy of the inventory procedures. Because of flaws and weaknesses in the area by area analysis, many important *de facto* wilderness areas were excluded from the Chief's tentative list. Here are some of the flaws we have found:

A. **In many cases, there was not sufficient information for the Forest Service to make valid decisions on roadless areas.** Hastily improvised procedures used by the Forest Service gave undue weight to the agency's judgments (about such things as "scenic quality") based on inadequate information about the character of the areas and their wilderness and other values. Many of these judgments were subject to highly individual interpretation—it would require an exhaustive review of files on all 1,448 roadless areas for citizen groups to cross-check the validity of these judgments.

B. **Excessively stringent and "pure" criteria used by the Forest Service field personnel were not corrected in later analysis.** One regional office excluded from consideration any areas with even the most transitory four-wheel drive tracks. This and other criteria were often more "pure" than the Wilderness Act itself would require, and many important areas were automatically excluded as a result. There was great inconsistency in criteria used in each Forest Service region. Areas classified as "roadless" in one region were excluded in another.

C. **The Quality Index discriminated against smaller areas.** Because of the statistical weight given on the basis of size of areas, smaller wild places—often of great local importance—were automatically discriminated against.

D. **The quality of an area was evaluated without taking into account the demand for wilderness.** One method of considering "demand" in judging the value of an area was dropped because the Forest Service felt it "over-emphasized the recreation purposes of Wilderness Areas." It added: "One of the key problems was that areas ranking high according to this criterion also offer the better opportunities to meet intensively developed recreation needs." This assumption totally ignores the availability of the 131 million acres of developed and roaded national forest land which could readily meet the need for developed recreation sites.

E. **In many cases, large roadless areas were improperly subdivided and separately analyzed as individual small units.** This faulty procedure resulted in lower individual ratings for such areas on variety, size and isolation factors. Many worthwhile areas thus were excluded from the "Green List."

F. **The Forest Service believes (according to the EIS) that these procedures** "provided an orderly basis for evaluating the inventoried areas and identifying those whose net wilderness value appears to be great relative to their potential costs of establishment and values foregone by wilderness classification . . ." **This is not correct.** Actually, under these procedures nothing can be determined about the *relationship* between the value of a roadless area devoted to wilderness and the costs involved. The benefits of wilderness designation (multiplying the Quality Index by the number of acres) cannot be meaningfully compared with the "cost of services foregone," expressed in board feet of timber times price. Under this analysis, no consideration is given to public demand for wilderness use and values. The stratification of roadless areas between the "Green," "Yellow" and "Red" lists is more nearly a ranking of estimated costs, than it is a ranking of the "value" of each area in comparison with the others. In short, comparing the cost per pound of apples with the number of oranges you have on hand is a meaningless exercise in statistical manipulation.

G. **Many of the factors used in the analysis are inadequately explained.** Information on how values were measured, or why some factors received greater weight than others is lacking. Many of the judgments do not appear to be substantiated.

H. **Important conservation values of wilderness are ignored or minimized.** Wilderness protection promotes stable flows of quality water for many urban areas, as well as irrigation downstream. Wilderness is the essential habitat for many important species of game and fish, including many rare and endangered species. These and other conservation values of wilderness are down-played in the Forest Service analysis. Had they been properly documented, many more areas would have been listed for wilderness study by the Chief.

I. **The analysis gives little attention to the scientific and educational values of wilderness areas.** The need for undisturbed areas for these purposes is well-known, but little was done to take this need into consideration in deciding which areas will receive wilderness study.

J. **Public involvement, as measured in the selection of new wilderness study areas, offered no opportunity for millions of urban residents and citizens in the East to speak up for more wilderness study areas.** The hurriedly called local "public meetings" were frequently stacked with opponents of wilderness, motivated by scare-tactic radio, television and newspaper ad campaigns launched by the timber industry. Because so little hard, factual information was provided by the Forest Service, the meetings often became mere shouting matches between advocates of "more wilderness" and those wanting "more multiple-use."

on which to make sound decisions. Millions of acres of important *de facto* wilderness may be lost because too little was known about its values, or because biased analytical procedures gave too much weight to other factors, such as timber, and not enough to wilderness, or because too few people spoke up to request that more areas at least receive fair study. Part of what needs to be said to the Chief of the Forest Service has to do with the inadequacies of the decision making procedures which have been used. [See list on page 3].

Because so little solid information is available (as contrasted with the Forest Service's quality index and total opportunity cost), citizens not personally knowledgeable about specific roadless areas are placed at a real disadvantage. Urban residents generally, and people in the eastern half of the country particularly, have had no voice in these decisions. They should make it clear to the Forest Service that they want an opportunity to be provided with adequate information to make informed comments on these last wilderness resource decisions.

HOW YOU CAN HELP

If the Chief of the Forest Service can measure the depth of public support for preserving more *de facto* wilderness, perhaps he will expand and improve his final list. Our job now is to give him that input.

First . . .

If you know of specific roadless areas excluded from the Chief's tentative list, tell him about them and why they should receive proper wilderness study—in as much detail as you can. Many local wilderness committees, Sierra Club chapters and individual leaders are preparing detailed comments of this kind—give them your support.

Or . . .

If you are not personally acquainted with specific roadless areas, tell the Chief of your support for wilderness—and why. Urge him to retain *all* the areas on his tentative list, and urge him to expand the list to include many additional roadless areas as recommended by local, state and national conservation groups. We are asking only for proper wilderness study, not final designation.

Second . . .

In any case, express your views about the faulty analytical procedures by which the inadequate tentative list was derived. [See list on page 3].

Send your letters to:

John R. McGuire, Chief
Forest Service
U.S. Department of Agriculture
Washington, D.C. 20250

Write *by April 18th* if you can (but write after that date if necessary, or if this alert reaches you late.)

The Congress has the responsibility to monitor agency decisions affecting public lands, so you may want to send informational copies of your letters to your own elected representatives.

If it is convenient, please send a copy of your letter to The Wilderness Society or the Sierra Club.

The Wilderness Society
729 Fifteenth Street, N.W.
Washington, D.C. 20005

The Sierra Club
1050 Mills Tower
San Francisco, Calif. 94104

94-734 O - 73 - 20

STATEMENT OF STUART HIRSCH, OF KLAMATH FALLS, OREG.

GENTLEMEN; You are well aware that the subject of log exports is a complex and emotional issue. Factors involved in this issue range from inpacts on local economies to international trade and the U.S. balance of payments deficit. Between these extremes are questions dealing with the free market economy, socio-economic goals of the American people, and long run impacts on American natural resources. I will address the question of log exports as it pertains to the American forest resource.

To set one dimension in a frame of reference, consider an important factor that sets forestry apart from traditional agricultural practices: the time factor. Sawtimber is generally grown on rotations varying from 90 to 120 years. Certain species and site conditions may dictate longer rotations. Traditional field crops are grown on rotations of 4 to 5 months. Consequently, the planning horizon in forestry must be at least one rotation; preferably 2 or 3. We must be very concerned with the long term effects of our forest management practices.

Long rotations mean that timber crops are vulnerable to many risks for long periods of time. For example, timber crops are exposed to fire, insects, disease, animals, droughts, blow-downs, climatic patterns, and changes in the market place. Not only do market prices for timber crops chance, but 100 years can see great changes in timber utilization and consumer tastes in wood products.

A second dimension in our frame of reference is that of economics. Capitol is tied up in a forest crop for long periods of time. Costs incurred in the management of a forest crop are not recovered until the crop is harvested. Commerical silvicultural activities can bring some return on investments. However, it is the sale of the mature crop that covers investments and brings the profits. During the time that the capitol is tied up in the growing trees, it is exposed to the same risks that affect the trees themselves. The loss of operating capitol (when it is tied up in growing trees) and the attendant risks involved have a definate affect in the scope of reforestation and stand improvement activities.

The third dimension in our frame of reference is ecology. Timber resources are intimately associated with our forest land uses: watersheds, wildlife, fisheries, outdoor recreation. . . While I fully recognize the need to grow timber as an intensively managed crop, I also know that we must be concerned with the externalities involved in land management. We must be sure that harvested areas will return to trees and not brushfields. We must be sure that we do not convert areas from commercial species to noncommercial species through poor management practices. We must be sure that any trade offs we make in our management decisions will not be regreted by future generations of Americans.

Given this frame of reference, how does the present question of log exports relate to forest practices today? Gentlemen, I do not consider the situation encouraging.

Some knowlegable people in the U.S. Forest Service candidly admit that they think National Forests in the Northwest have been overcut for the last twenty years. The Forest Service admits that they are approximately 5 million acres behind in their reforestation efforts. An article in the March 1973 issue of the Journal of Forestry estimates that "some 300 million acres of commercial forest land are ripe for stand improvement or conversion to merchantable species". In the same issue, a breakdown of the budget cuts for the Department of Agriculture show that the U.S.F.S. was cut 105 million dollars for the next fiscal year. Some of the biggest cuts are in the area of reforestation and stand improvement. In recent weeks, we have heard about a proposed 18% increase in the timber harvested from public lands. What are the long term effects of lagging reforestation programs and increased harvesting?

As you know, prices in a free economy are determined by supply and demand. Current sky rocketing lumber prices on the domestic scene are due to increasingly large demands for lumber and a relatively insufficient supply. Not only do we demand more lumber for domestic housing needs, but there is a

growing foreign demand for our timber. From a strictly economic point of view, we can either increase the domestic supply of lumber by out bidding foreign buyers or we can increase the total supply of lumber by larger harvests. We can also increase domestic supplies of lumber by reducing exports.

While you consider the prospect of the log export question, I ask you to consider the following questions:

How are private companies meeting the domestic needs for more timber?

Are private companies exporting their logs and then asking for the National Forests to "make up" for the induced short domestic supply?

Have private timber lands been overcut and have reforestation programs lagged like they have on federal lands?

Regardless of the decisions on the log export dilema that legislative bodies will propose, one over riding question must be answered. Are our planning decisions considering the long planning horizon that forestry dictates?

Gentlemen, the domestic supply of lumber is tied to many factors. Log exports is one of them. It is important to be sure. It is also important that we plan to prevent crisis situations rather than fight the situation once it has developed. We must press for control of log exports and at the same time, press for a balance between harvesting and reforestation on public and private lands.

How will our children look at our decisions today?

Senator PACKWOOD. Thank you. I have no questions.

Mr. Coffman?

STATEMENT BY TOM COFFMAN, PRESIDENT, NORWAY ARCHERY CO., NORWAY, OREG.

Mr. COFFMAN. My name is Tom Coffman, from Norway, Oreg. That is near Coos Bay, about 30 miles east. We make arrow shafts for the archery industry, bows and arrows. I'm not going to read this report to you. I want to explain what we believe, and you can draw some conclusions from it.

Our sole source of survival is Port Orford cedar. We use this in the manufacture of the arrows for the archery industry. There are five primary manufacturers in southwestern Oregon. I have enumerated them on this report. Our payroll doesn't amount to very much in terms of the problems associated with the larger manufacturers of wood products throughout the Northwest, as shown here today. Approximately $750,000 is what we make annually. There are some 45 people directly involved and some 35 part time. Now, if this were all, this would not be too much of an impact on our society, but this is just the door opener. The archery industry in making the arrows, we are what is called the basic component manufacturer. In other words, all we make is the stick. Somebody else makes the bow; somebody else makes the bow string, the fiberglass components, aluminum arrow, the plastic arrow, leather goods, the targets, the mats, and everything that goes with it, but the basic raw material that sustains the whole archery industry is these 18 million Port cedar arrows that are manufactured annually in southwestern Oregon; without them the archery industry—we would have no industry.

Now, I'm not suggesting here today that we ban exports of all of the Port cedar wood, because there is so much of it. It's not usable to us. As a matter of fact, we're not using green Port Orford cedar;

what we survive on is snags, stand timber, dead, down, slabs, the type of things that is normally left. So, when we see these records coming out, we suggest that we ban all exports except portions of cedar, we wonder where our next meal is coming from, since we aren't able to afford a trip to Washington, D.C., or a trip to Tokyo to testify, and we would rather make our way to Portland, and we would like to consider that in your consideration of this Senate bill 1033, that you list the Port cedar as in directing your attention to its green standing, Port Orford cedar, and allow us to continue to live off of the snags, slabs, the buckskins, as they call them. I have nothing else to say.

Senator PACKWOOD. Thank you very much. We appreciate your coming.

Mr. Gingerich?

STATEMENT BY R. EARL GINGERICH, TIMBER MANAGER, MOUNT JUNE LUMBER CO., SPRINGFIELD, OREG.

Mr. GINGERICH. My name is Earl Gingerich, timber manager for Mt. June Lumber Co. of Springfield, Oreg.

Senator PACKWOOD. Do we have a statement of yours?

Mr. GINGERICH. I don't have it here.

Senator PACKWOOD. Okay. Go ahead.

Mr. GINGERICH. Mt. June employs 70 full time employees on a one-shift basis. Our mill is an old high grade cutting mill, and we would very much like to update it and become more competitive. However, due to the shortage of raw material supplies and the threat of government intervention in price roll backs, and/or ceilings, any expenditures for mill improvements do not look promising.

Until the present log shortages, Mt. June obtained approximately 85 percent of its raw material through open market logs. That is to say we bought surplus logs from other mills that didn't fit their special operation. Also, we obtained logs from small loggers, who operated mainly small savage sales. Today, this supply of material has changed almost to the reverse. We now buy at the Government bidding tables 85 percent of our log supply and only 15 percent from our other mills and small loggers. Considering our very nature of being a specialized high grade cutting mill, we must over buy. In other words, we need to buy more than we use, because not everything we bid for is high grade material. Therefore, we must sell or trade our surplus logs to other mills for their surplus logs.

The temptation to sell our unwanted logs to the exporters is ever increasing, but to date we haven't. We haven't, simply because we are still able to deal with our neighbors for the logs we want for logs they want. How much longer can we do this? I am not sure, but if the export market takes away a big cut off the top of the already short supply of logs, and we continue setting aside areas for management harvest, then our company will be forced either to close its mill or go to the bidding table and continue to drive the lumber prices to the homebuilder even higher.

To my understanding, this basically is why you gentlemen are here today. There are only two reasons why lumber prices are high today. One, which I'll not discuss with you today, but only mention, is the cost of manufactuing, which is really only labor and overhead. The second and most important is raw material supply. As I have mentioned already, we bid on Government timber and buy open market logs, and trade with our neighbors.

The real problem here is that there are fewer open market logs, simply because the larger share of this supply goes to export, directly or indirectly. Therefore, the pressure for the Government sales increases more and more; especially, when some of our competitors who have their own timber lands sell their own logs to exporters and then bid against us for government timber. This is substitution, and it must be stopped. Now, we at Mt. June don't advocate that a person or firm be denied the right to sell his own timber wherever he wishes, but if he sells for export, then we don't want him bidding us for government sales. If he elects this route to follow, then let him close his plants, and let the other mills that are depending upon the small supply of government timber compete for it. In a sense then, they will become tree farms like the U.S. Forest Service. It would only be a short time then that mills like Mt. June would be bidding not only for government timber but the private timber along with the exporters.

The only other alternatives acceptable to Mt. June are a complete ban on all log exports or at least a complete ban on all Federal and State log exports. The present allotted 350 million board feet exempt from domestic manufacture isn't working, primarily because of substitution, which results in competition for the sales with the export so fierce that it tends to drive the prices for nonexport upwards too.

Senator PACKWOOD. One more minute.

Mr. GINGERICH. Let me expand on Mt. June's capacity. We are working 6 days a week with one shift. A few years ago before this area was hit with the log export problem, we ran two shifts. Most mill owners and managers today agree that over an extended period of time, workers tend to produce about the same in a given week whether they work 9-hour days or 8-hour days. The same can be said for 6-hour days. The same can be said for 6 days versus 5 days a week. In other words, the 8-hour day, 5 day week is a way of life. We would like to return to a two shift basis.

Here in Oregon it is generally considered that the log production is about 9.5 billion board feet, and with log exports from the State at 5 million board feet. Now, if we figure that all the mills in Oregon could increase realistically by 15 percent, they could utilize 1.4 billion board feet more for a total production of 10.9 billion board feet. Thus, they would completely eliminate the export volume by utilizing it in their own mills, and Mt. June Lumber Co., could go ahead with its long range, overdue remodeling, and become much more competitive and efficient. With today's log shortages, efficiency is a must.

As a professional forester, I am disturbed by what has happened to this State's young and thrifty second growth stands. I refer to our small wood logs owned by farmers, lawyers, teachers, and other well meaning individuals who pay taxes on these lands. This past year, more than ever before, the export buyers have gotten to these people and bought this young 50- to 70-year-old stands; in some cases, even younger. Why does this upset me? Simply because in a few years as the Government's old growth stands are eliminated, we will need these private stands to fill a large gap in the government rotation cycle; that is before the second rotation becomes fully to age. This gap is widening. So, if we put a complete ban on all government timber from export, what happens to the small wood lots? They will likely be eliminated completely, so this is why we need a total ban.

Senator PACKWOOD. Thank you very much. I have no questions. I appreciate your patience in waiting.

Mr. Wyckoff?

STATEMENT BY T. EVANS WYCKOFF, PRESIDENT, SEABOARD LUMBER CO., SEATTLE, WASH.

Mr. WYCKOFF. Senator, my name is T. Evans Wyckoff, president of Seaboard Lumber Co., Seattle, Wash. We are the last operating sawmill in Seattle and one of the few remaining mills in the Puget Sound area. The ability to export logs is an important part of our business, as it is of most of the other mills in our area. At the same time, our production is ahead of the last year, and our log inventory is adequate for this pace. We are opposed to any restrictions on the export of logs. Without that market over the past 10 years, and in the near future we would suffer some serious consequences.

My main reason for appearing this afternoon, I thought it would be appropriate for an independent operator to give you a counter line, which you heard the last day, and also in Washington. We've heard testimony and received emphatic letters bemoaning the fate of the manufacturers. Let's look at this situation.

The number of mills has shrunk seriously since 1960. But log exports have not been the cause. We can only blame it on an up and down violently swinging market which caused owners to not reinvest in their business. The same factors have been true in British Columbia where in the 1961–71 period 1,000 mills are reported out of business. They have no log exports, either. No industry can stand swings of which are reflected in the fact that 1970 saw $32 billion spent in housing and in 1972, $53 billion was spent. We do as well as we can, but we can't turn on and off that sort of production. In fact, we did pretty well last year. West Coast Lumber Inspection Bureau members exceeded their production budget by 18 percent, and are ahead of budget to date this year. They have written one of those, "We are shedding down—you have to stop export" letters. But their record of production does not reflect that. Someone is crying "wolf" much too often and loud.

Running a business and participating in competitive sporting events are quite similar. Both take planning and conditioning. Producing for a commodity business takes plenty of both and every sawmill operator in this room well realizes this. Planning and conditioning relate to production and sales. That means looking ahead to raw material supplies, delivering them to production units and achieving what is felt to be the best possible pace of production from men and machines. The operator of a mill which produces 15 million per day or one which produces 500,000,000 per day differ only in scope. If each carries on at rated capacity year in and year out, that manager is operating at his optimum pace. The idea that either person can suddenly turn on 30 percent, 40 percent or 50 percent production overnight is false. To do so now, today, as is claimed, would have required planning several years ago, and the implementation of that plan at least 1 year ago. But, further, the operator has had this choice several times in the past when lumber markets have soared, but, apparently, he was already operating at his four-minute-mile rate. He was doing as well as he wanted or could and he was happy with the results. Why is it reasonable to believe that suddenly, as a result of a questionnaire, he wants to turn on extra shifts, that he finds 50 per cent more capacity, that he wants to produce where he couldn't before. Log supplies do relate to this. They, too, are a commodity and float up and down with demand. When lumber is high, production is strong, logs have always been in short supply. This is especially true in 1973. In 1972, the supply was aggravated by a late spring and a movement to Canada to fill their problems. In 1970, logs were a drug on the market. Some operators bought heavily then, and some operators were operating at their best pace, and didn't buy anything. They are in trouble now.

In closing, let me repeat. Log exports are a healthy part of the Pacific Northwest economics. Do not tamper with them. Leave them as they are. Allow the marketplace, be it lumber for export, logs, for export or a combination, and determine what should happen; not the Congress. We are and always desire being independent. The less Government interference the better. Look what damage the Phase II pseudo-controls brought. Look at the damage created by the Jones Act. Keep our market and our raw material supply open. Thank you.

Senator PACKWOOD. Thank you very much, sir. No questions.

STATEMENT BY RALPH BARTH, TIMBER INDUSTRIES, INC., BELLEVUE, WASH.

Mr. BARTH. My name is Ralph Barth. I'm appearing for Mr. Jack Ortolff, our president, and I'll read his prepared statement.

Senator, the purpose of my presentation at this hearing is not to argue the pros and cons of log exporting; rather, it is to draw attention to a report which was independently researched at my company's request entitled Increased Cost of Construction; contributing factors.

I feel that the graphic evidence and data presented in this report should serve more forcibly than any words I might say today to clarify the picture regarding exports. From this report one can readily assume that considerable false information has been and is being supplied to the community and to the news media, either one way or another, attributing to the ills of a sick lumber manufacturing industry and an overpriced housing industry upon one small phase of the total industry involving timber.

The introduction of legislation, in the matter of the form, which curtails the free enterprise system which we live under is an infringement upon the rights of every businessman in the United States. By careful examination of the documentary evidence which I am presenting today, alternative measures can be taken and should be taken to place the correct perspective on the issue at hand.

Senator PACKWOOD. I have no questions, but, again, I wish you would pass on to Mr. Ortolf, if I am pronouncing it correctly, how helpful I found this, and how excellent it was.

Mr. BARTH. Thank you.

[The complete statement of Timber Industries Inc. follows:]

TIMBER INDUSTRIES, INC.,
Bellevue, Wash. April 11, 1973.

DEAR SENATOR PACKWOOD: The purpose of my presentation at this hearing is not to argue the pros and cons of log exporting; rather it is to draw attention to a report which was independently researched at my company's request entitled "Increased Cost of Construction: Contributing Factors".

I feel that the graphic evidence and data presented in this report should serve more forcibly than any words I might say today to clarify the picture regarding exporting. From this report one can readily assume that considerable false information has been and is being supplied to the community and to the news media, either one way or another, attributing the ills of a sick lumber manufacturing industry and an overpriced housing industry upon one small phase of the total industry involving timber.

The introduction of legislation, no matter the form, which curtails the free enterprise system which we live under is an infringement upon the rights of every businessman in the United States. By careful examination of the documentary evidence which I am presenting today, alternative measures can be taken and should be taken to place the correct perspective on the issue at hand.

JACK L. ORTOLF,
President.

INCREASED COST OF CONSTRUCTION: CONTRIBUTING FACTORS

(Prepared For Timber Industries, Inc. by Stuart William Snyder, Consulting Researcher)

FOREWORD

After compiling this report and studying the information in the charts and graphs, it seems to me that the exporting of logs does not increase the cost of construction primarily.

The chart and graph which compare log and lumber imports and exports indicate that exporting logs does not singularly increase the cost of lumber. It compares log exports to other factors of lumber prices. The most important factor appears to be demand. The demand can be seen in two ways: (*1*) unfilled lumber orders compare almost directly to new housing, and (*2*) lumber imports compare almost directly to new housing. If the domestic mills are unable to produce lumber (characterized by unfilled orders), then lumber must be imported to meet the demand of increased housing. Increased importation and unfilled orders point out an increased demand.

A second set of charts and graphs indicates further that log exportation does not solely increase the price of lumber. In the graph which compares cost factors of lumber, it is seen that labor in logging camps and mills and stumpage costs contribute at par or exceed the expense of the logs.

Finally, and most importantly, prices of lumber and that of other materials used in construction have increased far less than the cost of construction labor. In the chart and corresponding graph, the labor costs increased at a greater rate than material costs. Labor wages have caused the cost of construction—as represented in the United States Department of Commerce Composite—to increase more rapidly than the increase in cost of materials.

These facts and others presented in the following report have convinced me that log exportation is not a major consideration in the increasing cost of construction.

INTRODUCTION

The cost of construction is influenced by the expense of materials, wages, and the demand for housing.

This report will compare these three factors. The first section deals with the demand for wood products and new housing; the second is an index of material prices; the third is regarding wages; the fourth compares wages and material expenses, and finally, taxes are compared to lumber prices.

By comparing these factors, one can more readily understand the various facets relating to the increased cost of construction.

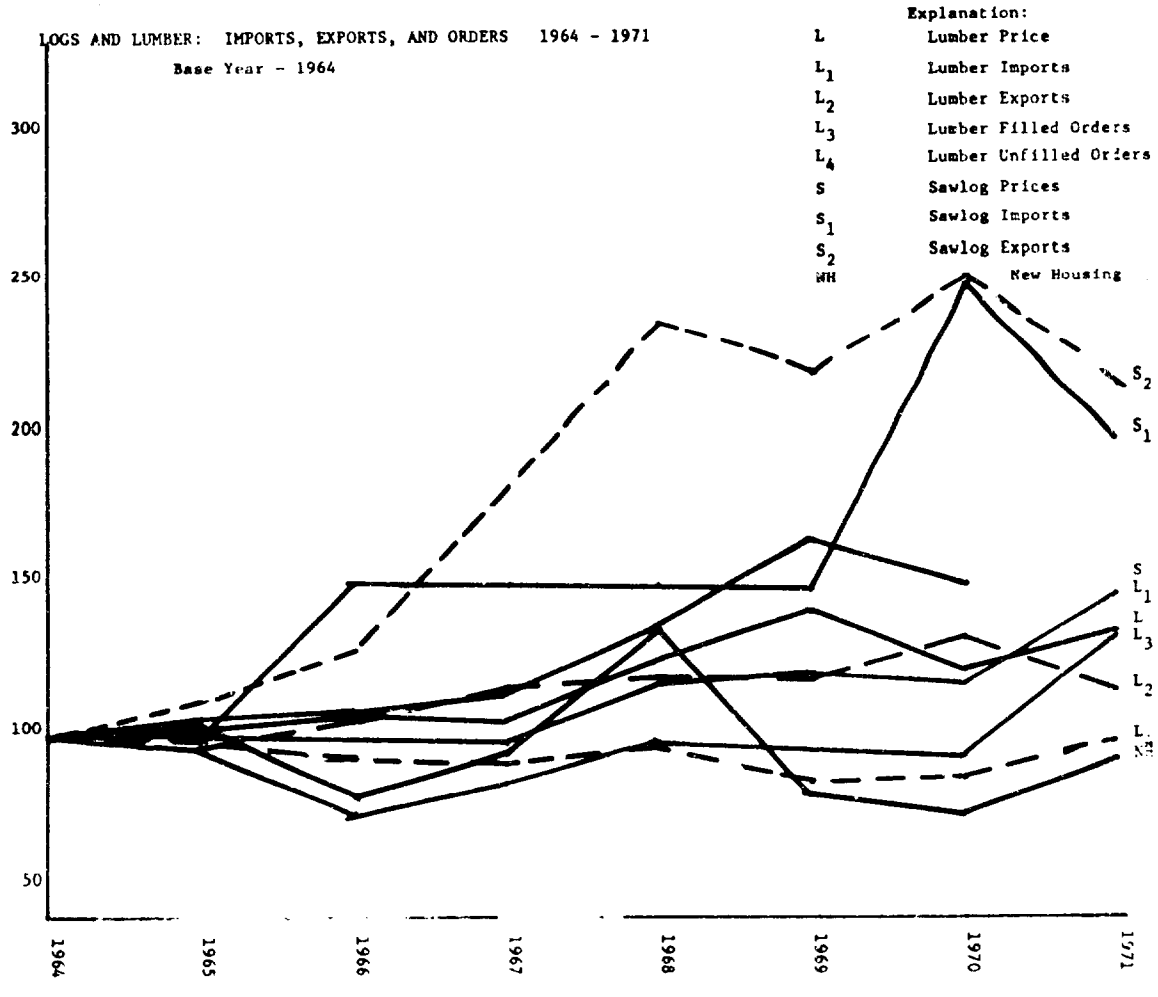
DEMAND

Demand and expense are the two major factors influencing the cost of a product. In relation to lumber and logs, this demand can be seen in the following ways: lumber and log imports, filled and unfilled lumber orders, and new housing orders.

LOG AND LUMBER IMPORT AND EXPORT INDEX, 1964-71, Base, 1964

	1964	1965	1966	1967	1968	1969	1970	1971
Lumber:								
Import	100	100.0	99.4	98.2	117.8	120.3	117.2	147.7
Export	100	96.7	106.7	116.7	120.0	120.0	133.3	116.0
Price	100	101.2	107.8	107.6	125.9	141.6	122.4	135.8
Sawlogs:								
Import	100	100.0	150.0	150.0	150.0	150.0	250.0	200.0
Export	100	111.8	129.4	182.4	238.2	220.6	252.9	218.8
Price	100	105.9	109.2	115.8	137.8	165.9	150.1	NA
Lumber orders:								
Filled	100	96.7	76.6	84.7	99.0	96.1	94.1	133.6
Unfilled	100	99.3	92.6	91.4	98.1	85.2	86.8	99.8
New housing	100	102.3	80.1	95.4	135.3	80.1	75.3	93.2

NA=Not available.


LOGS AND LUMBER: IMPORTS, EXPORTS, AND ORDERS 1964 - 1971
Base Year - 1964
Explanation:
L Lumber Price
L_1 Lumber Imports
L_2 Lumber Exports
L_3 Lumber Filled Orders
L_4 Lumber Unfilled Orders
S Sawlog Prices
S_1 Sawlog Imports
S_2 Sawlog Exports
NH New Housing
300
250
200
150
100
50
1964
1965
1966
1967
1968
1969
1970
1971
S_2
S_1
S
L_1
L
L_3
L_2

MATERIAL PRICES

This section is an index of the construction material. Notice the comparison between various commodities—especially lumber.

CONSTRUCTION MATERIALS PRICE INDEX, 1955-71, BASE 1955

	1955	1960	1965	1970	1971
Millwork	100	106.16	109.46	132.27	137.63
Plywood	100	91.03	85.96	90.12	95.27
Softwood	100	78.94	73.71	79.22	88.70
Hardwood	100	104.99	100.30	102.69	100.50
Softwood lumber	100	95.33	95.44	115.85	142.53
Douglas-fir	100	91.59	94.67	111.59	141.13
Southern pine	100	99.68	96.82	121.55	142.04
Other	100	94.73	94.83	114.41	144.43
Hardwood lumber	100	105.95	113.65	133.84	132.44
Building paper and board	100	111.30	101.82	102.12	101.61
Prepared paint	100	112.18	117.42	136.91	140.80
Finished steel prop:,					
Structural shapes	100	131.55	135.49	162.39	178.59
Reinforcing bars	100	122.21	113.55	124.37	133.37
Black pipe, carbon	100	125.57	123.68	142.32	156.30
Wirenails [a]	100	117.13	115.20	122.81	133.51
Nonferrous metal products	100	97.28	107.93	141.56	131.37
Copper water tubing	100	93.87	98.32	147.72	131.37
Buidling wire	100	95.36	127.51	190.11	151.31
Plumbing fixtures [b]	100	105.19	105.19	126.83	131.23
Enameled iron	100	97.05	87.80	99.73	102.41
Vitreous china	100	104.11	94.52	106.66	109.50
Brass fittings	100	113.02	129.38	167.58	173.66
Heating equipment	100	103.22	96.49	107.32	112.68
Steam and hot water	100	115.64	115.18	128.27	134.88
Metal doors, sash and trim	100	95.19	91.82	108.66	113.67
Plate glass	100	103.89	87.78	NA	NA
Concrete:					
Ingredients	100	113.85	114.44	134.51	143.08
Portland cement	100	118.00	115.41	136.12	146.59
Products	100	110.45	109.43	127.50	137.05
Pipe	100	116.32	107.31	118.15	127.85
Structural clay products [c]	100	111.81	115.27	131.03	136.28
Gypsum products	100	109.02	111.33	110.01	117.49
Insulation materials	100	97.54	85.49	108.27	121.11
Floor coverings:					
Asphalt tile	100	105.18	111.18	130.07	130.53
Vinyl coverings	(x)	100.00	99.25	91.04	96.08

[a] 8d, common.
[b] Includes brass fittings.
[c] Exlcudes refractories.
NA = Not available.
x = Was not introduced prior to 1960.

WHOLESALE PRICE INDEX

Item	Iron and steel	Motor vehicles and equipment	Construction Machinery and equipment	Purchasing power of dollar base year—1950	
				Wholesale prices	Consumer prices
1947	79.41	85.13	80.73	1.059	1.078
1948	92.26	94.02	91.38	.989	1.000
1949	93.65	100.53	97.25	1.040	1.010
Average	88.44	93.23	89.79	1.032	1.029
1950	100.00	100.00	100.00	1.000	1.000
1951	108.98	105.44	111.01	.899	.926
1952	110.22	111.55	112.66	.924	.907
1953	116.10	111.02	115.96	.936	.900
1954	117.65	111.29	118.17	.935	.895
Average	110.59	107.86	111.56	.939	.926
1955	124.30	114.61	122.94	.932	.899
1956	136.84	121.12	133.21	.903	.886
1957	147.06	126.29	143.49	.877	.855
1958	149.23	130.28	148.99	.865	.833
1959	152.17	133.20	154.31	.863	.826
Average	141.92	125.10	140.59	.888	.860
1960	150.30	131.21	157.61	.863	.813
1961	150.46	130.94	160.18	.866	.805
1962	148.30	130.94	160.55	.863	.796
1963	148.14	129.88	163.30	.866	.787
1964	150.15	130.54	167.34	.864	.776
Average	149.47	130.70	161.80	.864	.795
1965	151.55	130.81	171.74	.847	.763
1966	152.79	130.94	177.06	.820	.742
1967	154.79	132.80	183.49	.818	.721
1968	157.74	136.52	193.94	.799	.692
1969	165.79	139.04	201.83	.768	.657
Average	156.53	134.02	185.61	.810	.715
1970	178.17	144.10	211.93	.741	.620

CONSTRUCTION MATERIALS AND WHOLESALE PRICE INDEX SUPPLEMENT, 1972 AVERAGE

Construction Materials Price Index Supplement, base year—1955

Lumber	168.68
Millwork	146.41
Plywood	108.55
Building paper and board	107.37
Prepared paint	143.73
Fabricated structural metal products	147.73
Nonferrous metal products	132.39
Plumbing fixtures	134.95
Heating equipment	115.32
Plate glass	113.33
Concrete:	
Ingredients	148.94
Products	142.73
Structural clay products	139.98
Gypsum products	126.18
Asphalt roofing	136.24

Wholesale Price Index Supplement, base year—1950

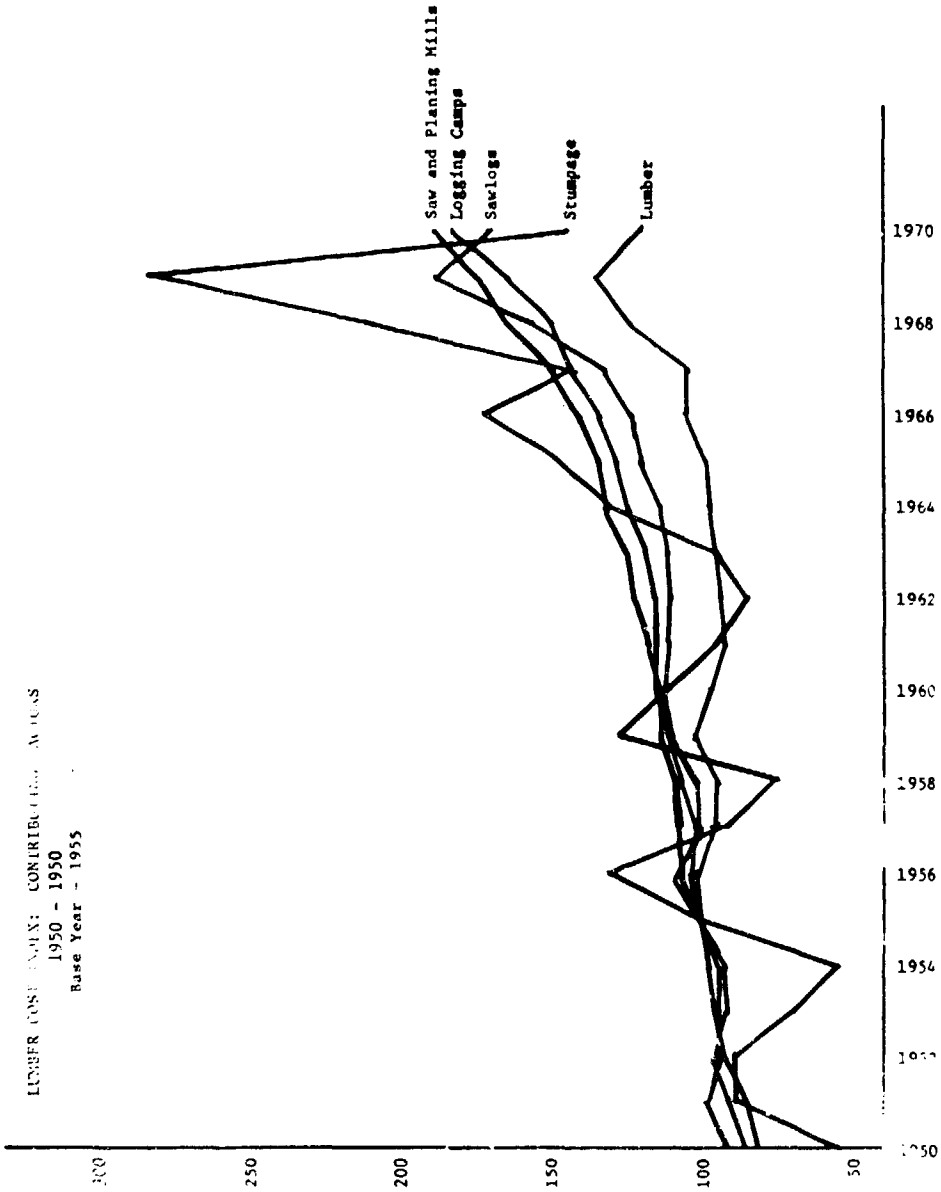
Iron and steel	198.76
Motor vehicles	156.71
Construction machinery	230.64
Lumber	184.06

Lumber Price Index, base year—1950

1947	82.56
1948	93.76
1949	85.80
Average	87.37
1950	100.00
1951	81.98
1952	105.43
1953	104.50
1954	102.66
Average	98.91
1955	109.12
1956	111.43
1957	104.96
1958	102.77
1959	111.32
Average	107.92
1960	103.35
1961	100.92
1962	102.77
1963	105.31
1964	107.27
Average	104.52
1965	108.55
1966	115.59
1967	115.47
1968	135.57
1969	151.85
Average	125.41
1970	131.29

CONTRIBUTING FACTORS OF LUMBER COST INDEX, 1950-70, BASE—1965

Year	Stumpage Douglas-fir	Logging camps	Saw and planing mills	Sawlogs	Lumber prices
1950	56.8		80.3	85.6	91.6
1951	87.9		86.7	91.8	99.2
1952	89.3		92.0	96.9	96.6
1953	69.9		96.0	92.0	95.8
1954	56.1		97.3	92.1	94.1
1955	100.0	100.0	100.0	100.0	100.0
1956	130.4	104.3	105.3	105.6	102.1
1957	90.7	103.9	107.3	101.1	96.2
1958	75.4	107.0	108.7	101.7	94.7
1959	127.3	111.2	112.7	110.5	102.0
1960	110.7	114.7	114.0	111.9	97.5
1961	95.5	114.7	117.3	110.2	92.5
1962	85.8	115.5	122.0	110.0	94.2
1963	96.5	119.8	125.3	112.1	96.5
1964	131.8	126.0	132.0	114.0	98.3
1965	147.4	129.5	135.3	120.7	99.5
1966	173.0	134.5	141.3	124.5	105.9
1967	144.3	143.4	150.0	132.0	105.8
1968	211.8	150.4	164.7	157.1	124.2
1969	284.4	164.0	175.3	189.1	135.2
1970	145.0	183.0	189.3	171.1	120.3


Saw and Planing Mills
Logging Camps
Sawlogs
Stumpage
Lumber
1970
1968
1966
1964
1962
1960
1958
1956
1954
1950
300
250
200
150
100
50
1950 - 1950
Base Year - 1955

WAGES

This section compares the wages of building trades, motor vehicles and equipment production workers, United States legislators, and lumber prices. It is interesting that the legislators' salary increases are positively coorelated with other wages—all of which exceed the increase in lumber prices.

CONSTRUCTION WAGE INDEX, 1946–70, BASE—1950

	1946–50	1950	1951–55	1956–60	1961–65	1966–70
Bricklayers	87.75	100	115.50	139.05	164.05	205.36
Carpenters	89.91	100	117.83	146.52	178.89	232.96
Cement finishers	89.36	100	116.66	145.13	175.03	224.64
Electricians	88.31	100	117.19	144.55	177.64	226.82
Glaziers	88.67	100	115.94	146.84	179.27	234.74
Painters	89.87	100	117.70	144.72	176.07	227.03
Paperhangers	89.91	100	118.55	147.96	179.15	234.13
Pipe Fitters	88.94	100	117.54	146.65	177.84	231.53
Plasterers	87.10	100	113.80	134.38	156.96	195.65
Plumbers	90.42	100	116.46	144.50	176.17	228.25
Roofers	88.33	100	117.08	146.48	180.13	235.49
Sheet metal workers	89.06	100	118.83	149.32	183.24	240.18
Stonemasons	85.66	100	112.29	132.58	155.80	198.50
Structural ironworkers	88.71	100	116.83	144.33	175.38	228.42
Tile layers	89.43	100	116.19	141.94	173.28	218.34
All building trades	88.81	100	117.96	147.06	179.62	232.13

WAGES OF SELECTED OCCUPATIONS VERSUS LUMBER PRICES, 1950–72, BASE—1950

Years	All building trades	Saw and planing mill production workers	Motor vehicles and equipment production workers	Lumber prices
1950	100.00	100.00	100.00	100.00
1951–55	177.96	117.51	119.12	100.74
1956–60	147.06	136.43	144.88	107.37
1961–65	179.62	157.34	174.35	104.96
1966–70	232.13	204.32	216.20	129.95
1968	226.81	204.98	219.35	135.57
1969	245.53	218.26	230.60	151.85
1970	274.04	235.68	237.91	131.29
1971	297.93	[e] 244.81	[f] 266.14	145.73
1972	[d] 324.51	NA	NA	184.06
1968–72	273.76	NA	NA	149.70

[d] November 1972.
[e] February 1971.
[f] January–May, August, 1971.

NA = Not available.

U.S. LEGISLATORS' SALARIES (EXCLUDING ALLOWANCES)

Year	Salary	Percentage increase
1950	$15,000	100.00
1955	22,500	150.00
1965	30,000	200.00
1969	42,500	283.33
1972	42,500	283.33

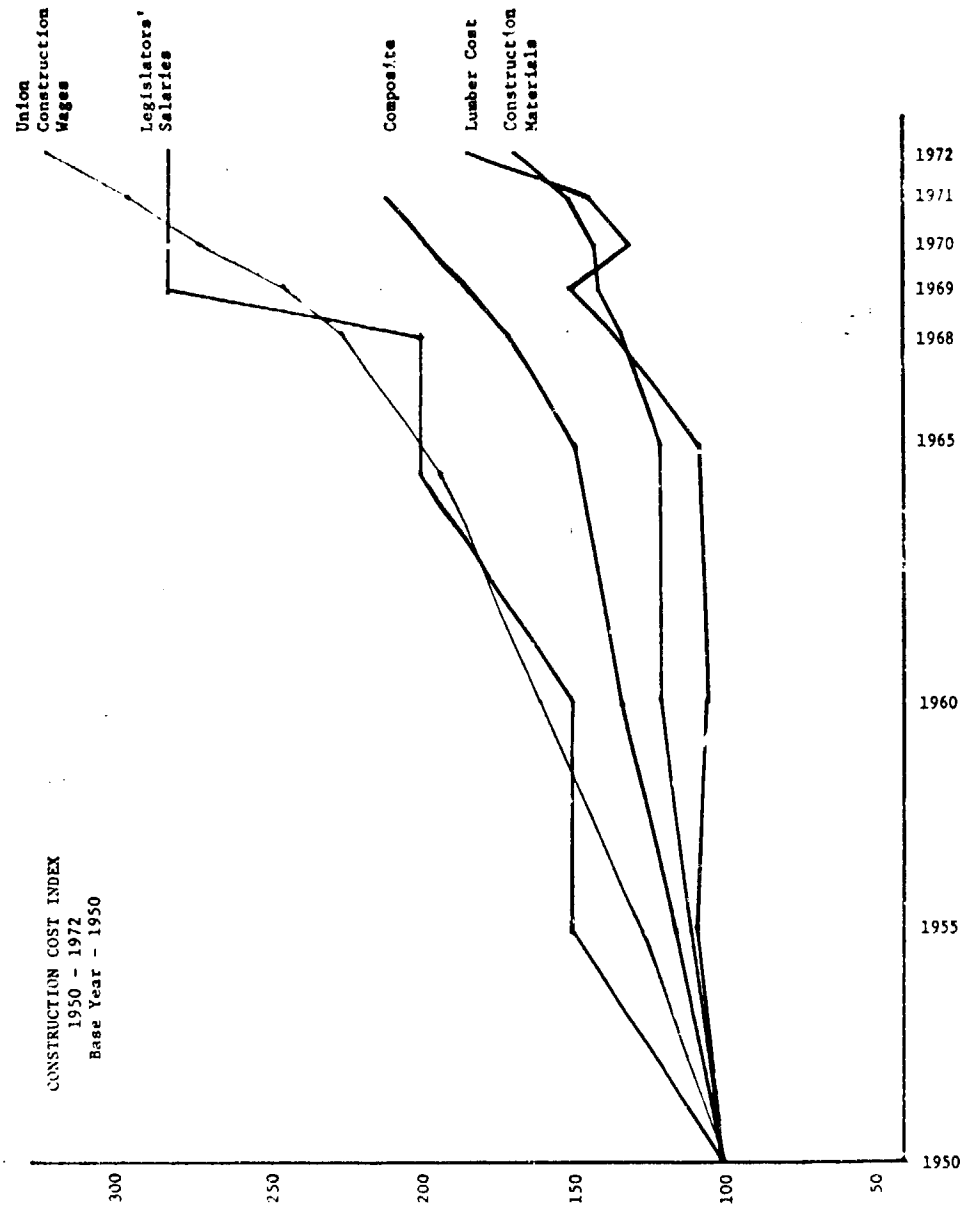
TOTAL COST OF CONSTRUCTION

This section notes how the increase in wages far exceeds the increase in the cost of construction materials. From these graphs one can see that construction materials have not caused the sharp increase in cost of construction.

CONSTRUCTION COST INDEX, 1950-71, BASE—1950

Year	Wholesale prices of construction materials	Union hourly wages in all building trades	Department of Commerce composite	Lumber cost
1950	100.00	100.00	100.00	100.00
1955	110.62	127.66	116.88	109.12
1960	121.04	160.43	133.77	106.35
1965	121.42	193.40	149.35	108.55
1968	133.84	226.81	170.13	135.57
1969	141.83	245.53	184.42	151.85
1970	142.59	274.04	197.40	131.29
1971	151.46	297.93	211.69	145.73
1972	169.83	[a] 324.51	NA	184.06

[a] November 1972.
NA=Not available.


CONSTRUCTION COST INDEX
1950 - 1972
Base Year - 1950
Union Construction Wages
Legislators' Salaries
Composite
Lumber Cost
Construction Materials
300
250
200
150
100
50
1950
1955
1960
1965
1968
1969
1970
1971
1972

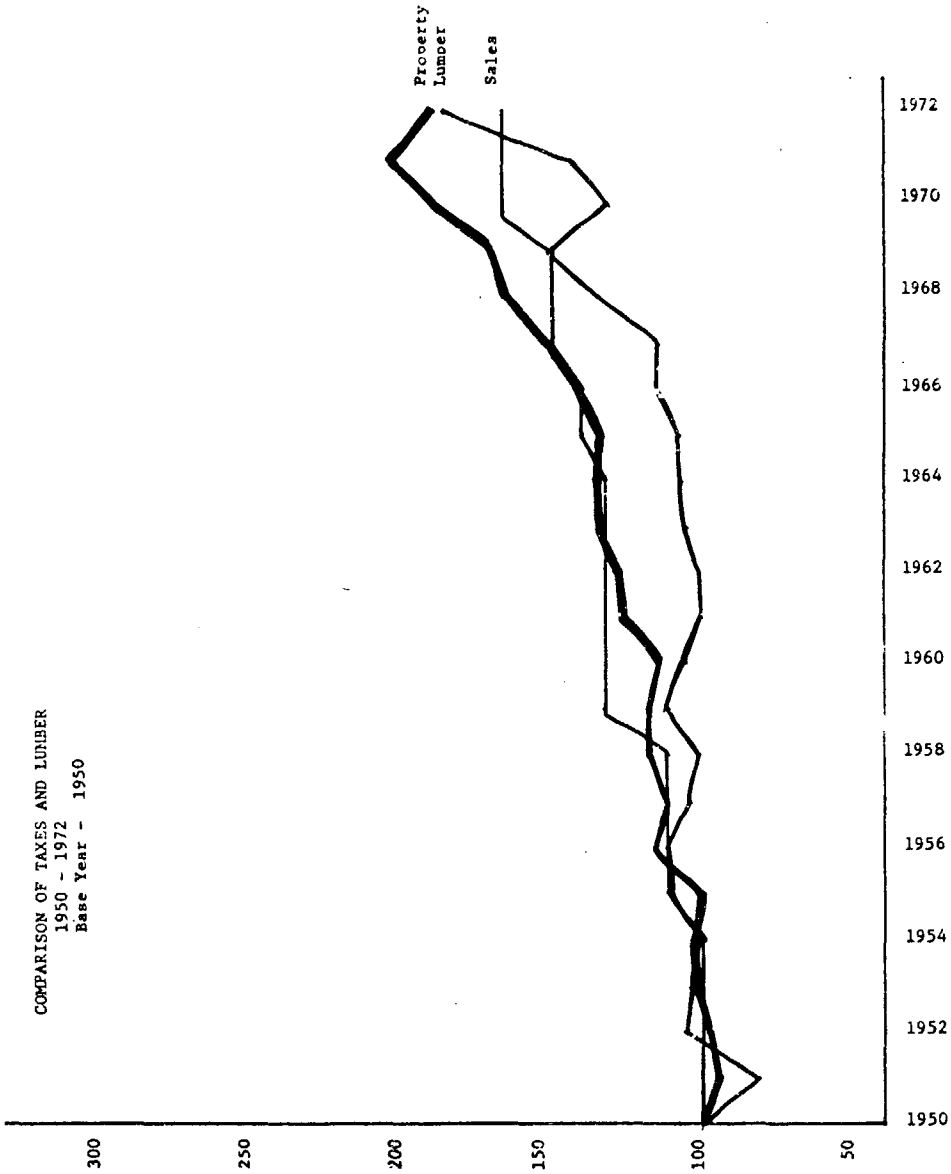
TAXES

This last section is a guide or control index. It shows the increase in taxes in the State of Washington and in King County. The increase in lumber prices has exceeded the increase in sales taxes in only six years; it has exceeded the increase in property taxes in only three years.

TAXES: RETAIL SALES AND KING COUNTY PROPERTY TAXES VERSUS LUMBER PRICES, 1950–72, BASE—1950

Year	Retail Sales		King County Property Tax		Lumber prices, percentage increase
	Tax	Percentage increase	Milage	Percentage increase	
1950	0.03	100.00	[i] 51.34	100.00	100.00
1951	.03	100.00	[i] 48.88	95.21	81.98
1952	.03	100.00	[i] 50.75	98.85	105.43
1953	.03	100.00	[i] 52.97	103.17	104.50
1954	.03	100.00	[i] 53.21	103.64	102.66
1955	.03	111.11	[i] 52.61	102.47	109.12
1956	.03	111.11	[i] 59.67	116.23	111.43
1957	.03	111.11	[i] 56.86	110.75	104.96
1958	.03	111.11	[i] 60.99	118.80	102.77
1959	.04	133.33	[i] 61.30	119.40	111.32
1960	.04	133.33	[i] 58.65	114.24	106.35
1961	.04	133.33	[i] 65.99	128.54	100.92
1962	.04	133.33	[i] 66.25	129.04	102.77
1963	.04	133.33	[i] 69.09	134.57	105.31
1964	.04	133.33	[i] 70.39	137.11	107.27
1965	.042	140.00	[i] 70.25	136.83	108.55
1966	.042	140.00	[i] 72.96	142.11	115.59
1967	.045	150.00	[i] 77.82	151.58	115.47
1968	.045	150.00	[i] 84.96	165.45	135.57
1969	.045	150.00	[i] 88.66	172.69	151.85
1970	[h] .05	166.67	[j] 97.10	189.15	131.29
1971	[h] .05	166.67	[j] 52.00	202.57	145.73
1972	[h] .05	166.67	[j] 48.54	189.09	184.06

[h] 0.005 is local retail sales tax.
[i] Millage levied on 25 percent of assessed value.
[j] Millage levied on 50 percent of assessed value.


COMPARISON OF TAXES AND LUMBER
1950 - 1972
Base Year - 1950
Property
Lumber
Sales
300
250
200
150
100
50
1950
1952
1954
1956
1958
1960
1962
1964
1966
1968
1970
1972

REFERENCES

1. "The Demand and Price Situation of Forest Products, 1971–1972", United States Department of Agriculture, Forest Service, miscellaneous publication #1231, pp. 40–44, 53 and 56.
2. "Business Statistics, 1971 Statistical Supplement to the Survey of Current Business", United States Department of Commerce, pp. 45–48.
3. "Fingertips Facts and Figures", National Forest Products Association, November, 1972, No. 174, Quarterly Supplement, Table 4.
4. "Statistical Abstract of the United States", 1972, pp. 233, 677–78, 681.
5. "Monthly Labor Review", United States Department of Labor, February, 1973, pp. 119–20.
6. "Employment and Earnings in the United States, 1909–1971", Bulletin 1312–8, SIC 242 and 371.
7. "Handbook of Labor Statistics, 1971", United States Department of Labor, pp. 184–85.
8. "Employment and Earnings", February, 1973, Volume 19, No. 8, p. 88.
9. W. H. Donaldson, Revenue Auditor, Department of Revenue, State of Washington, 901 Dexter Horton Building, Seattle, Washington.
10. "1968 Assessed Valuations and Tax Rates for Taxes Payable in 1969", Office of King County Assessor, State of Washington, p. 24.
11. "1969 Assessed Valuations and Tax Rates for Taxes Payable in 1970", Office of King County Assessor, State of Washington.
12. "1970 Assessed Valuations and Tax Rates for Taxes Payable in 1971", Office of King County Assessor, State of Washington.
13. "1971 Assessed Valuations and Tax Rates for Taxes Payable in 1972", Office of King County Assessor, State of Washington.

Senator PACKWOOD. Thank you.

Alex Parks?

STATEMENT BY ALEX PARKS, REPRESENTING THE COLUMBIA FEDERAL TOW BOAT ASSOCIATION, PORTLAND, OREG.

Mr. PARKS. I am appearing, of course, on behalf of the Columbia River Towing Association, which, as you know, is comprised, substantially, of all the towing and barging concerns on the Columbia River and Snake River and their tributaries, and we wish to go on record opposing Senate bill 1033, known as the Timber Export Administration Act of 1973.

I am casting away my presented statement completely.

One of the things which concerns us so much, Senator, and we don't know the answer to this, and that is, as we've calculated it, the impact of a total ban on the association members of all log exports and it would be the elimination of 70 jobs, and would render about $4,000,000 of equipment, both real and personal, inadequate. That doesn't mean some type of legislation is not desperately needed in order to accomplish the desired goals. I might also add that no one, no one questions the intent behind Senate bill 1033. Something, undoubtedly, has to be done, and our only concern is what must we do, and what should be done in order to effectively correct the situation, which we all know exists.

One of the things, of course, that I think we have to readily concede is that there should be an X amount of reasonable limit on exports of logs, with some kind of forcible, no substitution, provision. For the protection of historic log buyers within traditional geographic areas. We do not propose a specific amount of Federal timber which should be available for export, although we do not favor a total ban on the export of Federal timber.

The no substitution provision is intended to prevent private timber companies from exporting timber from their own private holdings, and making up the volume thus exported out of purchases from Federal lands.

It is perfectly clear that utilization of logs in the export market is vitally substantial to the well being of thousands of workers in our Pacific Northwest economy. To ban the export of a resource which is wholely renewable would create economic havoc in many of our communities, would seriously erode our balance of payments in foreign trade, and, according to respected economic analysts, would create such a demand for lumber that domestic and foreign lumber prices would increase at a rate even more rapid than that being experienced today. The impact of a total ban on the Columbia River Towboat Association member companies would be the elimination of 70 jobs and the rendering of $4,000,000 worth of equipment as surplus to the members needs.

The concept of banning the export of logs, which on its face sounds reasonable and proper, and certainly is well meant by its sponsors, would none the less have the undesirable effect of increasing lumber prices rather than aiding in decreasing such prices. Thank you.

Senator PACKWOOD. Thank you, Mr. Parks.

Dr. Lindholm?

STATEMENT BY RICHARD LINDHOLM, PROFESSOR OF FINANCE, COLLEGE OF BUSINESS, UNIVERSITY OF OREGON, EUGENE, OREG.

Dr. LINDHOLM. Thank you, Senator. This brief statement is based on my study titled Taxation of Timber Resources to Maximize Equity and Wood Fiber Production in Oregon, case study. This study was recently released at the University of Oregon, business publication number five. It is available from the Bureau of Business Economy Research, College of Business Administration, University of Oregon, Eugene, Oregon.

Now, the materials included in page 38 to 46 are particularly interesting to the questions being asked at this hearing. The volume of saw timber on public and commercial forest lands are divorced from the level of private lands. This is in Oregon, about 11.1 billion of the 15.2 billion of the total dollar value of soft timber in Oregon is on public lands. The important policy point of this situation is that the public portion of the wood fiber producing industry of Oregon is operating much more like an inventory holder than a producer of a product that can do much to improve living standards in the United States and around the world; on the other hand, the privately owned timber stands are managed to maximize wood production. In 1970, in western Oregon, which is one of the world's most efficient timber producing areas, the growth on 133,919 million board feet of national forest timber stand was 559,000,000 board feet. The private forest industry enjoyed a growth of 449,000,000 board feet from an inventory that was much smaller of 47,252 million board feet. This evidenced much higher productivity of private stand rose to a consider extent from the much greater age of the freeze under

public ownership. 50 percent of all timber and public lands is over 96 years of age. An ideal age distribution, according to the Forest Service, for a highly productive stand yield forest area would contain no Douglas and 20 percent of the total trees would be contained in each of the following five age groups, less than 16, 16 to 35, 36 to 55, 56 to 75, and in the fifth one, 76 to 95 years. It is the highest level of annual wood fiber production from a given level of an area of land and stands that will place wood on the market.

The heavy demands for log exports also provide an opportunity to increase, horizontally, the equality of business taxation and to reduce the subsidy provided for the ordinary taxpayer to the users of hardwood facilities to tax advantages.

Senator PACKWOOD. Doctor, thank you very much. I have no questions.

Go ahead.

STATEMENT BY BOB McKELLAR, SECRETARY-TREASURER, OREGON LOG TRUCKERS ASSOCIATION, SALEM, OREG.

Mr. McKELLER. I am Bob McKeller, secretary-treasurer for Oregon Log Truckers Association.

The Oregon Log Trucks Association is a nonprofit, statewide association of independent log truckers made up of 60-percent of one-truck, owner-operators and 40 percent of members who own from 2 to more than 50 trucks. Approximately 25 percent of our 738 members operate both logging and trucking operations.

Members of the association own and operate more than 3,000 trucks and employ nearly 4,000 persons. The livelihood of our members and their employees would be seriously jeopardized, and, in some cases terminated, if the export of logs is banned.

On February 24, 1973, the membership and board of directors of Oregon Log Truckers Association at the regularly scheduled semiannual meeting, voted to continue their endorsement of the continuation of log exports from private lands as well as the 350 thousand board-foot-level of allowable export established by the Morse Amendment for Federal lands.

If log exports are banned, however, the ban would have the following effect on members of Oregon Log Truckers Association: one, 2,500 to 3,000 owner-operators and employees will have their annual paychecks reduced by from 18 to 25 percent on the average.

No. 2, some 15 percent of our members will lose 50 percent of their volume.

No. 3, 85 percent of our membership will be adversely affected either directly or indirectly through reduced volume of logs to be hauled and the resulting oversupply of equipment available.

No. 4, the impact of this loss to our members, on an annual basis, is estimated to be $5,000,000 in first dollars. The multiplier effect, on Oregon's economy, would be substantial.

Exportation of logs and the resulting increased transportation has been a critical factor on the recently improved economic health of the log trucking industry resulting in (1) the economic starvation of some operators, and (2) an increase in the annual average number of months of work from 9 to 11 for a majority of members.

According to records maintained by the Oregon Public Utility Commissioner's office, there were 3,500 log hauling permits issued in 1980, and, in the last 10 years, the number has declined steadily to the point that there are now only slightly more than 1,600 active log hauling permits in Oregon. These 1,900 independent Oregon log hauling businessmen went out of business because there was not a sufficient demand for their services, and rates of pay were too low for them to buy equipment, pay their suppliers and earn a living wage.

For those men still in the business today, the export of logs is a critical factor for success.

For the most part, our members are family-type, husband and wife operations where the husband either drives the truck or works in the woods, and the wife keeps the books, chases parts, and takes care of the letter writing. It is difficult for these hardworking people to find the time and the words to write their feelings to you even when it means so much to them. Therefore, I am appearing before you today to present our concerns and to ask you to consider their situation and their concerns in your deliberations.

On behalf of our 738 members and their nearly 4,000 employees, we urge you to take no action which would reduce or terminate the exportation of logs from Oregon, but instead, to encourage, whatever action is necessary to make it possible to improve the management of national, State and commercial forests to increase the allowable cut within a sustained yield concept.

Thank you.

Senator PACKWOOD. Let me ask you this. Do your members also truck lumber or just logs?

Mr. MCKELLER. We have some members who also truck lumber and some who truck chips, but, basically, our membership is composed of log truckers.

Senator PACKWOOD. Yes. Those who generally truck lumber——

Mr. MCKELLER. Oh, there's not an association of those people that I'm aware of.

Senator PACKWOOD. Well, let me pursue it a bit further. Are most of them trucks in fleets or are they owned by independent operators like yourself; they don't have an association?

Mr. MCKELLER. I'm sorry. I can't give you a very good answer to that. I know of a substantial number of independents who have trucked lumber, but as to what the balance would be with fleet operations, I'm sorry I can't give that to you.

Senator PACKWOOD. OK. I have no further questions.

Thank you.

The next is Mr. Mayr. Do I pronounce it right?

Mr. MAYR. Yes. I have already given my statement.

[Mr. Mayr's statement follows:]

STATEMENT OF WERNER MAYR, PRESIDENT, MAYR BROS. LOGGING CO. INC., HOQUIAM, WASH.

Mr. Chairman and Members of the Committee:

My name is Werner Mayr and I reside in Aberdeen, Washington. I am President of Mayr Bros. Logging Co. Inc. and a partner in Mayr Brothers Partnership tree farms. Our companies have been in the log and timber business for 40 years. In 1967 we entered the pulp chip manufacturing business and now in

1973 we are completing an all new electric band sawmill which will have an annual lumber cut of 22 million board feet.

Our total employment, with our contractors, included, is a total of 250 persons with an annual payroll of 2.5 million dollars.

Our log production is 90 million board feet annually, half of which is sold by us for export to Japan and the other half of our production is sold to domestic mills or used in our chip mill or sawmill.

We are without reservation opposed to any form of legislation which would ban the export of logs or lumber from the United States to a foreign country and are therefore opposed to S. 1033.

Our great country, the United States, is the richest timber resource country in the world, both in remaining old-growth timber and growing potential of our forestland. Also, we in the United States have the greatest technical know-how in the world. We can produce more timber and manufacture most any commodity from wood more economically than any other country.

For a country as rich as ours with such an abundance of forest raw materials, I believe it is utterly uncalled for and unnecessary for us to limit artificially the markets for such timber. It can only be harmful to the timber, lumber and plywood industry of Western Washington.

In our own operations the adoption of S. 1033 would have an immediate adverse effect on our log production and total employment. Losing 50 per cent of our log market by export restriction would cause a severe setback in our entire operations after filling our present export orders.

This would first directly affect our forestry planning by no longer allowing us to clean up all of the logs including culls and submarginal material which we have been able to do since the beginning of our log export program in 1966.

Our forestry would be set back at least ten years. The huge surplus of logs available at distressed prices would cause complete market upset. Therefore, immediate curtailment would be necessary to avoid loss of any down timber to decay or loss by fire because the market could not absorb the logs.

For these above stated reasons we wish to go on record against S. 1033. Thank you.

Senator PACKWOOD. All right. It is in the record in full.

Mr. Goosman?

STATEMENT BY GENE GOOSMAN, ALGENE CONSTRUCTION CO., SEATTLE, WASH.

Mr. GOOSMAN. I am please to see that so many are here presenting their views to both sides of the issue, but I'm surprised that there are so few from the building trade to present their views, of which I'm sure will favor your bill, Senate bill 1033.

My plea to this committee is based solely on facts that have happened to our company, which I feel is a direct result of the mass export of logs to Japan.

We used to employ, at peak season, 24 to 28 construction workers, an average of 14 to 16 workers per year. Today we have four in the field. This does not pay the overhead, and as businessmen we will have to close down when our present jobs are completed, unless something is done to stabilize the lumber and plywood costs.

The lumber market is so unpredictable on cost that it is impossible to give firm bids to our customers. And what businessman will construct a new building, let alone remodel an older one, with an open checkbook? None.

On April 14, 1973, I obtained three price quotes on 3" X 4" A–B fir plywood from three different companies we have done business with for years: Plywood Tacoma, Tacoma, Wash., $435 per thousand or $13.92 a sheet; General Hardwoods, Tacoma, Wash., $461 per thousand or $14.75 a sheet; Hardwoods, Inc., Seattle, Wash., $503 per thousand or $16.10 a sheet.

On April 6, 1973, the quotes on the same material are as follows: Georgia-Pacific, $440 per thousand and price bid only for today, check Monday the 9th for further price information.

United States Plywood, $442 per thousand; but they do not have any and suggested we use reject plywood at only $350 per thousand.

Gentlemen, I plead, how can we maintain a construction company under those adverse conditions. We are not alone in this mess. I can honestly predict massive layoffs throughout housing and light commercial construction who depend on lumber and plywood as their major source of building materials.

Not only has the inconsistent prices and shortness of supplies affected us, but, it has also drastically affected the quality of the material shipped to us. I fully realize that quality control is of another matter than this hearing here in Portland; but the log exports has made it a sellers market and the quality of the materials from some of the mills has caused this company to lose money due to elimination and nonacceptance of materials.

If this committee would like to see inferior downgraded material, I have some samples with me, along with invoices showing the rapid increase in costs.

All of us in the construction homebuilding industry, as well as the consumers, who are faced with skyrocketing lumber costs, plead with the members of this committee and the Congress of the United States to either endorse Senator Robert Packwood's bill, Senate bill 1033, or to at least put a temporary embargo on log exports to Japan or any other country until our home market demands are filled and the timber and forestry officials can reevaluate the impact that massive log exports has; not only to us in the immediate industry, but to our environmental needs.

We talk of polluted air and smog and then we cut the surplus trees that we need to remove the carbon and to replenish the oxygen. It almost seems as if greed is cutting off the very limb we are sitting on.

What if Mr. Paul D. Morgan's forest pathologist's report has some merit and our young trees are diseased and not growing as our timber companies claim?

What of the unforeseen loss of timber do to natural disasters, fire, pests, floods?

Who can truthfully say that we have controlled growth and yield for future generations?

Gentlemen, only God and nature can make a tree.

Thank you.

[It was requested that the following be inserted in the record:]

ALGENES CONSTRUCTION CO., INC.

Seattle, Wash., March 23, 1973

President RICHARD M. NIXON,
Washington, D.C.

DEAR SIR: This is a direct plea for you to use your office to put an immediate "temporary" embargo on the massive export of logs to Japan.

This writer has followed the democratic process and has the representation of over 250,000 people in the greater Puget Sound area who are very concerned about the rape of our forest lands.

Mr. Ehrlichman should have listened to the other views, besides Mr. George Weyerhaeuser on his Seattle visit.

Three billion board feet of lumber would keep Oregon's Georgia Pacific operation going full tilt for 9 years.

Balance of payment is one thing—balance of nature and control of our forest lands is more important, otherwise we should not have cancelled the World War II debt with the Russians.

Our leaders must be fully aware of the impact of this plunder of one of our most important natural resources that this nation has left.

As you can see Mr. President, I am very selfish and jealous when I can see what is happening to the United States of America by following the advice of experts who are blinded by dollar signs. Where is our statesmanship and the plain old American gut feeling of what is right is right and wrong is wrong.

Sincerely,

GENE GOOSMAN,

SEATTLE, WASH., *April 7, 1973.*

Mr. EDWARD P. KEMP,
U.S. Senate,
Committee on Banking, Housing and Urban Affairs,
Washington, D.C.

DEAR MR. KEMP: My plea to this committee is based solely on facts that have happened to our company, of which I feel is a direct result of the massive export of logs to Japan.

We used to employ, at peak seasons, 24 to 28 construction workers, an average of 14 to 16 workers per year. Today we have four (4) in the field. This does not pay the overhead, and as businessmen we will have to close down when our present jobs are completed, unless something is done to stabilize the lumber and plywood costs.

The lumber market is so unpredictable on costs that it is impossible to give firm bids to our customers. And what businessman will construct a new building, let alone remodel an older one, with an open checkbook??? NONE!!!

On April 4, 1973, I obtained three price quotes on ¾" A–B Fir Plywood (4' x 8' sheets) from three different companies we have done business with for years:

Plywood Tacoma, Tacoma, Wash., $435.00 per thousand or $13.92 a sheet.
General Hardwoods, Tacoma, Wash., $461.00 per thousand or $14.75 a sheet.
Hardwoods, Inc., Seattle, Wash., $503.00 per thousand or $16.10 a sheet.

On April 6, 1973, the quotes on the same material are as follows:
U.S. Plywood, $442.00 per thousand, but they do not have any and suggested we use reject plywood at only $350.00 per thousand.

Gentlemen, I plead, how can we maintain a construction company under these adverse conditions? We are not alone in this mess. I can honestly predict massive layoffs throughout Housing and Light Commercial Construction, who depend upon lumber and plywood as their major source of building materials.

Not only has the inconsistent prices and shortage of supplies effected us but, it has also drastically effected the quality of the material shipped to us. I fully realize that quality control is of another matter than this hearing here in Portland; but the log exports has made it a sellers market and the quality of the materials from some of the mills has caused this company to loose money due to delamination and non-acceptance of materials.

If this committee would like to see inferior down graded material I have some samples with me, along with invoices showing the rapid increase in costs.

All of us in the Construction and Home Building Industry, as well as the Consumers, who are faced with sky-rocketing lumber costs, plead with the members of this committee and The Congress of The United States to either endorse Senator Robert Packwood's Bill, SB–1083, or to at least put a "Temporary" Embargo on Log Exports to Japan or any other Country, until our Home Market demands are filled and the Timber and Forestry Officials can re-evaluate the impact that Massive Log Exports has; not only to us in the immediate industry, but to our Environmental needs.

We talk of POLLUTED AIR and SMOG and then we cut the surplus trees that we need to remove the carbon and to replenish the oxygen. It almost seems as if "GREED" is cutting off the very limb that we are setting on.

What if Mr. Paul D. Morgan's, Forest Pathologist, report (see the Seattle Times, Sunday, April 1, 1973) has some merit and our young trees are diseased and not growing as our timber companies claim?

What of the unforseen loss of timber due to natural disasters Fires—Pests—Floods?

Who can truthfully say that we have controlled growth and yield for future generations.

Gentlemen, only God and Nature can make a tree.

Respectfully,

GENE GOOSMAN

ALGENE CONSTRUCTION CO., INC.,
Seattle, Wash., April 7, 1973.

MR. EDWARD P. KEMP,
U.S. Senate,
Committee on Banking, Housing & Urban Affairs,
Washington, D.C.

GENTLEMEN: Enclosed please find the (10) invoices from the same company for the same grade of plywood, which will show the cost increase for the past year, and please note the largest increases were in the past three months!!! *From January 17, 1972 to March 15, 1973, a 75% increase in Plywood*—plus the fact that the *quality* is *down* by another *50%*.

Respectfully,

GENE GOOSMAN
Hopkins, Minn., April 18, 1973.

TACOMA PHONE
BU 3-5571

SEATTLE PHONE
VE 3-9211

801 EAST 25TH

plywood INC. tacoma

TACOMA, WASH 98421

CUSTOMERS COPY

INVOICE NO.
1422

SOLD TO

Algene Coast
11323 Lake City Way NE
Seattle, WA 98125

SHIP TO

2% 10TH PROX
NET 30

1½% PER MONTH CHARGED ON ACCOUNTS PAST DUE

INVOICE DATE	CUSTOMER ORDER NO	SHIPPED VIA	CASH	COD	CHG	SHIP	DEL	WILL CALL	SALESMAN
3-15-73		3/15/73							

DESCRIPTION	QUANTITY ORDERED	QUANTITY SHIPPED	FOOTAGE	PRICE	TOTAL
4 x 8 x 3/4 HDO Gdx	3	3	96	52.00	49.92
— 1/2 — —	2	2	64	45.00	28.80
— — 1/2 Int Fir Ply	3	3	96	[illegible]	74.25
4x8x3/4 A-A FIR	25	25	[illegible]	[illegible]	374.80
					461.89

N.B. C Edmonds

OK
ACCT
ENTERED

RECEIVED IN GOOD CONDITION
X

TACOMA PHONE
BU 3-5571

SEATTLE PHONE
VE 3-9211

801 EAST 25TH

plywood INC. tacoma

TACOMA, WASH 98421

CUSTOMERS COPY

INVOICE NO.
22005

SOLD TO

Algene Coast
11323 Lake City Way NE
Seattle, WA 98125

SHIP TO

2% 10TH PROX
NET 30

1½% PER MONTH CHARGED ON ACCOUNTS PAST DUE

INVOICE DATE	CUSTOMER ORDER NO	SHIPPED VIA	CASH	COD	CHG	SHIP	DEL	WILL CALL	SALESMAN
2-22-73		2/22/73			X		X		

DESCRIPTION	QUANTITY ORDERED	QUANTITY SHIPPED	FOOTAGE	PRICE	TOTAL
4 x 8 x 3/4 Korpine	15	15	480	150.00	72.00
4 x 10 x 3/4 —	30	30	[illegible]	150.00	[illegible]
4 x 8 x 3/4 Int. Fir A-B	15	15	480	40.00	192.84
					447.84

O.K.
ACCT
ENTERED

RECEIVED IN GOOD CONDITION
X

CUSTOMERS COPY

TACOMA PHONE
FU 3-9007

SEATTLE PHONE
VE 8-9511

801 EAST 25TH

plywood INC. tacoma

TACOMA WASH 98421

INVOICE NO. 21573

SOLD TO
Algene Power
11323 Lake City Way N.E.
Seattle, WA. 98125

SHIP TO
11323 - Lake City Way

2% 10TH PROX NET 30 — 1% PER MONTH CHARGED ON ACCOUNTS PAST DUE

INVOICE DATE	CUSTOMER ORDER NO	SHIPPED VIA	CASH	C.O.D.	CHG	SHIP	DEL	WILL CALL	SALESMAN
2-12-73		2/12/73			X		X		

DESCRIPTION	QUANTITY ORDERED	QUANTITY SHIPPED	FOOTAGE	PRICE	TOTAL
4 x 8 x 3/4 Ext. Fir A-B	30	30	96	3.75	360.96

O.K.
ACCT. 1.B
ENTERED

SOME MATERIAL RECEIVED IN GOOD CONDITION

X

CUSTOMERS COPY

TACOMA PHONE
FU 3-9007

SEATTLE PHONE
VE 8-9511

801 EAST 25TH

plywood INC. tacoma

TACOMA, WASH 98421

INVOICE NO. 20429

SOLD TO
Algene
11323 - Lake City Way N.E.
Seattle, Wash 98125

SHIP TO

2% 10TH PROX NET 30 — 1% PER MONTH CHARGED ON ACCOUNTS PAST DUE

INVOICE DATE	CUSTOMER ORDER NO	SHIPPED VIA	CASH	C.O.D.	CHG	SHIP	DEL	WILL CALL	SALESMAN
1-12-73	Stock				X		X		

DESCRIPTION	QUANTITY ORDERED	QUANTITY SHIPPED	FOOTAGE	PRICE	TOTAL
4 x 8 x 1/4 Fir Stock	20	20	640	10.00 M	6.40
— — 3/4 Ext. Fir B-D	10	10	320	245.00	78.40
— — — Ext. Fir A-B	20	20	640	307.00	196.48
					339.52

O.K.
ACCT. 1.B
ENTERED

SOME MATERIAL RECEIVED IN GOOD CONDITION

CUSTOMERS COPY

TACOMA PHONE
FU 3-3511

SEATTLE PHONE
VE 8-9311

801 EAST 25TH

plywood INC. tacoma

TACOMA WASH 98421

INVOICE NO. 19662

SOLD TO

Algene
11323 - Lake City Way N.E.
Seattle, Wash 98125

SHIP TO

2% 10TH PROX NET 30 — 1% PER MONTH CHARGED ON ACCOUNTS PAST DUE

INVOICE DATE	CUSTOMER ORDER NO	SHIPPED VIA				
12-19-72		12/19/72				

DESCRIPTION	QUANTITY ORDERED	QUANTITY SHIPPED	FOOTAGE	PRICE	TOTAL
4X8X1/4 A-D Fir (AC)	15	15	480	125	60.00
4X8X3/4 A-B Fir Ext	15	15	480	294	141.12
					201.12

O. K. [illegible]
ACCT / JOB
ENTERED

ABOVE MATERIAL RECEIVED IN GOOD CONDITION
X

CUSTOMERS COPY

TACOMA PHONE
FU 3-3511

SEATTLE PHONE
VE 8-9311

801 EAST 25TH

plywood INC. tacoma

TACOMA WASH 98421

INVOICE NO. 19106

SOLD TO

Algene Const.
11323 - Lake City Way N.E.
Seattle, Wash 98125

SHIP TO

2% 10TH PROX NET 30 — 1% PER MONTH CHARGED ON ACCOUNTS PAST DUE

INVOICE DATE	CUSTOMER ORDER NO	SHIPPED VIA	CASH	C.O.D.	CHG	SHIP	DEL	WE CALL	SALESMAN
12-6-72		12/6/72			X				

DESCRIPTION	QUANTITY ORDERED	QUANTITY SHIPPED	FOOTAGE	PRICE	TOTAL
4 x 8 x 3/4 Stwr. Fir A-B	20	20	640	29.4	188.16
— — — Pl. Sq. White Oak	6	6	192	85.0	163.20
					348.16

O. K. [illegible]
ACCT. / JOB [illegible]
ENTERED

ABOVE MATERIAL RECEIVED IN GOOD CONDITION
X

CUSTOMERS COPY

TACOMA PHONE PU 3-3571

SEATTLE PHONE VE 8-9311

801 EAST 25TH

plywood INC. tacoma

TACOMA, WASH 98421

INVOICE NO. 9923

SOLD TO: Algene Const. 7821 N E 55th Seattle

SHIP TO: Old Shop

2% 10TH PROX NET 30 — 1% PER MONTH CHARGED ON ACCOUNTS PAST DUE

INVOICE DATE	CUSTOMER ORDER NO	SHIPPED VIA	CASH	C.O.D.	CHG	SHIP	REL	WILL CALL	SALESMAN
6-5-72		5/5/72 C.			✓		✓		Q

DESCRIPTION	QUANTITY ORDERED	QUANTITY SHIPPED	FOOTAGE	PRICE	TOTAL
4 x 8 x 1/4 Fir Shop	10	10	320	101~	32 32
— — 3/4 Int. Fir A-B	20	20	640	224~	144 56
					217 28

O.K. Sigmund
AMT. Plus Tax #605
Total 1848

RECEIVED MATERIAL RECEIVED IN GOOD CONDITION

X

CUSTOMERS COPY

TACOMA PHONE

SEATTLE PHONE VE 8-9311

801 EAST 25TH

plywood INC. tacoma

TACOMA WASH 98421

INVOICE NO 9470

SOLD TO: Algene Distributing 7821 N E 55th Seattle Wash

SHIP TO: —

2% 10TH PROX NET 30 — 1% PER MONTH CHARGED ON ACCOUNTS PAST DUE

INVOICE DATE	CUSTOMER ORDER NO	SHIPPED VIA	CASH	C.O.D.	CHG	SHIP	REL	WILL CALL	SALESMAN
4-26-72		[illegible]							[illegible]

DESCRIPTION	QUANTITY ORDERED	QUANTITY SHIPPED	FOOTAGE	PRICE	TOTAL
4X8 X 3/4 A-B Fir	20	20	640	277~	177 28
4X8 X 1/4 A-D Fir	10	10	320	114~	36 48
					213.26

O.K. [illegible]
Acct. Use Shop
Total 1844

RECEIVED MATERIAL RECEIVED IN GOOD CONDITION

X

CUSTOMERS COPY

TACOMA PHONE PU 1-3571
SEATTLE PHONE VE 8-9311
801 EAST 25TH

plywood INC. tacoma

TACOMA, WASH 98421

INVOICE NO. 7249

SOLD TO: ALGENE CONST

SHIP TO:

2% 10TH PROX NET 30 — 1% PER MONTH CHARGED ON ACCOUNTS PAST DUE

INVOICE DATE	CUSTOMER ORDER NO	SHIPPED VIA	CASH	C.O.D.	CHG	SHIP	DEL	WILL CALL	SALESMAN
8-3-72					X			X	

DESCRIPTION	QUANTITY ORDERED	QUANTITY SHIPPED	FOOTAGE	PRICE	TOTAL
4 x 8 x 3/4 Sht. Fir A-B	25	25	800	272 m	217.60

O.K. [illegible]
ACCT. / JOB [illegible]
ENTERED 8/30

MATERIAL RECEIVED IN GOOD CONDITION
X

CUSTOMERS COPY

TACOMA PHONE PU 6-3571
SEATTLE PHONE VE 8-9311
801 EAST 25TH

plywood INC. tacoma

TACOMA, WASH 98421

INVOICE NO. 5536

SOLD TO: ALGENE FIXTURE
2821 - NE 55TH
SEATTLE, WASH

SHIP TO:

2% 10TH PROX NET 30 — 1% PER MONTH CHARGED ON ACCOUNTS PAST DUE

INVOICE DATE	CUSTOMER ORDER NO	SHIPPED VIA	CASH	C.O.D.	CHG	SHIP	DEL	WILL CALL	SALESMAN
1-17-72		4/12/72			X		X		[illegible]

DESCRIPTION	QUANTITY ORDERED	QUANTITY SHIPPED	FOOTAGE	PRICE	TOTAL
4x8x 3/4 Int Fir Plyw A-B	25	25	800	252 m	201.60

O.K. [illegible]
ACCT. / JOB [illegible]
ENTERED 1-18-72

MATERIAL RECEIVED IN GOOD CONDITION
X

Invoice

BLACK'S LUMBER CO. INC.
Complete Building Supplies
284-1313
540 ELLIOTT AVENUE WEST
SEATTLE, WASH 98119

DATE OF ORDER: 1/4/73
PROMISED: 1/5/72
JAN

ALGENE CONST CO INC
11323 LAKE CITY WAY N E
SEATTLE WASH 98125

SHIP TO: Call Fai
YOUR ORDER NUMBER: Madison Park

ORDERED	SHIPPED		LENGTH	DESCRIPTION	FEET	TOTAL FT	PRICE	AMOUNT
4	4	3x6	8	Cu Cedar 545	48		495	
1	1	3x8	8		16	64		31.68

Cedar 495.00 per M, if you can find it.

O.K. [illegible]
ACCT. [illegible]
ENTERED

SUB TOTAL
TAX
TOTAL 31.68

RECEIVED BY X [illegible]

DESCRIPTION	ORDERED	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	SHIPPED

"If it's Lumber Call our Number"

ALL CLAIMS, SHORTAGES & DISCREPANCIES MUST BE REPORTED WITHIN 48 HOURS

Senator PACKWOOD. Thank you very much for coming, again, you brought an industry that we've not heard many people here today, and thank you for staying that long.

Mr. Kincaid.

STATEMENT BY ROSS KINCAID, EXECUTIVE VICE PRESIDENT, WESTERN BUILDING MATERIALS ASSOCIATION, OLYMPIA, WASH.

Mr. KINCAID. Senator Packwood, my name is Russ Kincaid, executive vice-president of Western Building Material Association with headquarters in Olympia, Wash. You have our full statement, so I will delay what I feel has been said before in the interest of time. This association represents 350 retail lumber and building material dealers in the four States of Washington, Oregon, Idaho, and Alaska. The retail lumber dealers are the final link in the distribution chain from forestry to consumer, and it appears that I am the final witness. These lumber dealers buy lumber from wholesalers, and also directly from mills. They sell to the homebuilders, commercial and industrial firms. The business of lumber and building material dealer is dependent upon adequate supply of forest products. The builders must have materials in a specified time as construction progresses, and so they can quote entire prices to their customers.

At the present time, so many areas of certain lumber and wood items cannot be obtained at any prices; yet, the demand for lumber increases almost daily.

Inventories are dangerously low from mills, from the mills to final distributors. The building industry is in turmoil because there is no assurance when and at what price or whether the lumber products can be delivered for home construction, commercial and industrial use. I think Mr. Goosman has adequately walked that down with his testimony. We recently surveyed our 350 retail members to obtain a grass roots evaluation of the seriousness of the supply situation. The following are just a few direct quotes from the 70 percent response which in itself reflects the severeity of the problem. The United States plywood problem is very critical. We can't get our needs at any price. The sources have dried up. They have been exhausted. No—there are no dependable sources.

Our long-distance phone bill is about equal to our normal profit margin. In response to one of the questions: What is happening to your normal sources of supply, a considerable number replied that their sources were off the local market because of the shortage of logs, the extremely high cost of logs or because the mills were cutting for export.

Now, the Western Building Material Association is one of the 30 federated associations comprising the national lumber and building material dealers association. On March 22 and 23 some 600 members from every State in the United States presented the same position paper to their representatives, and Senators, as recommended action to relieve the critical lumber and plywood supply problem. I close with the action and recommendations of our national and our regional association on the export situation: One, the Department of

Commerce should be required to impose restrictions on logs and lumber exports to protect the domestic economy.

Number two, Congress should extend the so-called Morse amendment to the Foreign Assistance Act of 1968 but amend it or other appropriate legislation to: A, ban the export of any federal timber until domestic needs are met. B, prohibit an export of logs from either private or public lands from bidding on Federal stumpage for 3 years from its last export sale.

Thank you for this opportunity to present our views on exports in the lumber crisis.

Senator PACKWOOD. Thank you, Mr. Kincaid. This will conclude our hearings for today.

[Whereupon the hearings were recessed, to be reconvened beginning at 9:20 a.m., April 13, 1973, in San Francisco, Calif.]

APPENDIX

Additional Statements and Data

ANDERSON & MIDDLETON LUMBER CO.,
Aberdeen, Washington.

Sen. ROBERT PACKWOOD,
Senator from Oregon
Washington, D.C.

DEAR SENATOR: We wish to commend you on your efforts to encourage your colleague in the U.S. Senate to pass legislation halting the export of logs from the Pacific Northwest. Our one thought would wish it to be an immediate ban, not a gradual one extending over several years, and be permanent to remove the idea amongst NW timber owners that logs are an international commodity. If log exports aren't halted in the immediate future there won't be any need for the ban because Weyerhaeuser and others like them will have all the Old Growth harvested and shipped to tidewater and before the public catches on to whats happening, the wake of the Japanese bottoms will be disappearing in the sunset.

I note you had a hearing in Portland a week ago. I would like to have attended. I was surprised that the Longshoreman's Union took such a strong stand "For" exports. I hope the Pacific Northwest Lumber & Sawmill Workers Union was heard because their jobs are being eliminated.

The writer has taken an interest in this subject of log exports since 1965. I made a considerable effort to acquaint retail lumber dealers to what was happening but met with mostly apathy. Its a little easier to get listeners now, specially after last year's shortages of lumber and plywood were felt back here in the Mid-West.

We are paying the price back here because Weyerhaeuser and others like them have made Pacific Northwest logs an international commodity. Mill after mill has liquidated or terminated production due to lack of logs. The clamor for release of more Forest Service timber wouldn't even have to be considered if the last years 3 Billion Ft were available to U.S. mills, the private timber exported last year.

We can see a Master Plan unfolding here. When this export thing started back in 1962 it didn't create any shortage of logs to the mills. As it became kind of a good thing to level out the "Highs" and the "Lows" in the lumber market the trend caught on. It wasn't until recent years though that Japan, flooded with surplus U.S. Dollars because of the trade unbalance, and just a week ago buying millions of dollars to support the Yen in world markets, started really buying West Coast logs. What better way to get rid of the surplus dollars which would otherwise be worthless to them.

Now along comes Weyerhaeuser and others just waiting for an opportunity to cash-in their State of Washington Old Growth assets. Its a beautifull thing —for them. The public be damned. To support my contention that this was a "Master Plan". Recall the lumber size changes just a few years ago. This was originated and heavily supported by Weyerhaeuser permitting them to saw 2" Dimension with saws set at 1¾ for Green Rough. Then follows the Grading Rule changes, down-grading each grade by approx. one grade.

Have you ever asked who controls the Western Wood Products Association? Now in the past couple of years Weyerhaeuser has dismantled their Head-Rigs at White River and at Snowualmie Falls, Wash. (that I know about) and replaced them with "Pony" rings to saw small logs only. The day I was there

only "Culls" were going through the mill. Meanwhile they have expedited logging their Old Growth and are moving their log inventory to tide-water for export as fast as the trucks can make the turn-around. You don't have to take my word for it. Go up and look at it, but don't ask the expert opinion of Sen. Magnusson or Sen. Jackson. I think you know why.

There has been some lip service paid to the problem in recent weeks, like George Weyerhauser offering first refusal to the domestic log demand. The only problem is that prices are now influenced by the International log export market. We aren't dealing with just domestic demand.

The small business lumber manufacturer, lumber retailer, builder, home owner, and the consumer of West Coast forest products in general isn't represented in Washington. By and large most of them don't know whats happening yet. I know because I have seen my business (my supply) disintegrate as mill after mill connection has liquidated, sold out, or otherwise been removed from manufacturing due to lack of logs. If the Longshoreman think they have a "Gripe". What about the Lumber & Sawmill Workers?

Are you acquainted with how some of these timber holdings (private) were originally acquired? I can give you a documented background on one of the major timber holders.

There is a "Master Design" working here. These natural resources could be used for the betterment of the American economy, the public in general, now for present new construction needs, and for years to come in an orderly fashion. With Sustained Yield controlling allowable cut each year.

In any event one simple economic truth stands out. "Any nation or region of a nation which exports in unprocessed form its basic resources, is selling off its life blood. It is providing jobs and other enterprise and profits in the receiving-end nations which purchase and process the raw materials". This truism is bound to make its impact sooner or later. The unresolved question is over timing., because the region cannot endlessly permit the life blood of its log resources to be exported for foreign processing.

Hoping that we might be able to contribute something to add to your good efforts. If needed please call on us. Enclosing the recent issue of the "Mississippi Valley Lumberman" publication which the writer has an editorial on the subject.

Thank you,

PAUL F. ANDERSON.

STATEMENT OF RICHARD W. MIDDLETON, ANDERSON & MIDDLETON LUMBER CO., ABERDEEN, WASH.

The Anderson & Middleton Lumber Company has been operating a sawmill at Aberdeen for seventy-five years. Aberdeen is located on the Port of Grays Harbor, on the West Coast of Washington, and this is perhaps the largest of the log exporting ports. In addition to the sawmill, we operate a veneer plant and logging outfit.

Before the Japanese moved into the market, our plants produced over seventy million feet of lumber and twenty million feet of veneer. Now we produce less than half this much lumber and only twelve million feet of veneer because we cannot obtain enough logs. Right now, with an acute shortage of lumber in this country, we are operating at less than one shift capacity because of log exports. Contrary to what Weyerhaeuser says, we could more than double our production if a larger and more assured supply of timber was available.

The Grays Harbor area has a predominance of Hemlock with considerable Cedar, with Hemlock being the main support of the local industry. Hemlock and Cedar are preferred by the Japanese and therefore, the competition for these species is brutal. A mill which cannot obtain logs locally is out of business because Grays Harbor, unlike the Puget Sound or the Columbia River-Williamette Valley areas, is a geographically contained area and it is almost impossible to obtain logs from the outside.

The independent small operators are squeezed between the Japanese and the huge timber owning and conglomerate companies which export tremendous volumes of logs from our region.

In this area the Forest Service is a very important source of supply, but because it only sells about seventy million board feet of timber a year the mills relying on them must buy other timber, such as State and private. In other words, we must have access to both Federal and other timber markets, or we are dead.

Now, obviously in order to be able to buy State or private timber, which is subject to export, we must be able to compete in the export market. To do this, we must be able to export the exportable logs in order to be able to get the non exportable logs for our mills. One cannot compete for exportable timber in this area unless he exports.

We strongly urge restrictions be placed on the exporting of logs from all ownerships and we suggest that the system used in Canada be used as a model. In Canada, logs not needed in Canadian mills can be exported. With export restrictions we can increase our production back to two or three shifts, we can rehire two hundred people and we can build new production facilities to take care of our U.S. markets and the Japanese markets for lumber. The Canadians sell lumber first and logs last. They sell large amounts of lumber to Japan. We can also.

However, if only Federal timber is restricted as to export, do not say a mill in Western Washington cannot buy Federal timber if he exports private or State, or Indian timber for we cannot survive on Federal timber only. We must be able to operate in all timber markets here if we are to compete with both the huge companies such as Weyerhaeuse and ITT, and the Japanese.

I am including as part of this statement, a copy of a statement made in 1969, relative to the "Export Substitution" problem which is still a clear statement illustrating the problems of a strict substitution rule on mills in this area.

I further include copies of the statement made by this company before the Committee on Banking, Housing, and Urban Affairs at Salem, Oregon on January 8, 1972.

STATEMENT OF RICHARD W. MIDDLETON, ANDERSON & MIDDLETON LUMBER CO., ABERDEEN, WASH., SEPTEMBER 26, 1969

The Anderson & Middleton Lumber Company has been located in the Grays Harbor Area for over seventy years. It operates a cargo sawmill and a veneer products plant and employs about 400 people in the mills. Our company is dependent upon Forest Service timber and has operated steadily through good and bad markets and until recently its seventy year record has been good.

The Grays Harbor Area has a predominance of hemlock with considerable cedar with hemlock being the main support of the local industry. Hemlock and cedar are preferred by the Japanese and therefore the competition for these species is brutal. A mill which cannot obtain logs locally is out of business because Grays Harbor, unlike the Puget Sound or the Columbia River-Willamette Valley areas, is a geographically contained area and it is almost impossible to obtain logs from the outside.

The independent small operators are squeezed between the Japanese and the huge timber owning and conglomerate companies which export tremendous volumes of logs from our region.

There are not nearly enough logs from the Forest Service or private land for a mill to survive. A mill must be able to obtain logs from both sources.

Now let's face the facts. In our area we can only buy private logs if we can compete with the Japanese and we can only compete with the Japanese if we can export. For example, during 1969 we used timber and logs from private owners of approximately seven million feet. Five million feet was sent to the mills and two million feet was exported. This footage going to the mills prevented them from shutting down last winter and spring. However, if we had not been able to avail ourselves of the export market at the time of purchase we could not have met the competition of the exporters.

We understand your proposed plan would preclude us from buying private logs and timber to export. However if we cannot use all markets we then become non-competitive and would be unable to purchase logs from private lands

to continue the operations of our mills and so force us out of business. On the other hand companies with large private holdings and/or long term Indian service cutting contracts would not be affected: Examples are:

1. One huge conglomerate owned company can continue to export large volumes of logs from their billions of feet of Indian timber and could still purchase Forest Service timber which they are now doing through a front, namely a local logger. Thus they are not affected, but we are.

2. Another giant corporation exports tens of millions of feet of logs from their huge Indian contract and could continue to buy federal timber. Thus they are not affected, but we are.

3. A third gigantic timber company which has not been a factor in the Forest Service could continue to compete for private logs which they could export. Thus they are not affected, but we are.

4. In addition the big companies, no doubt, will be able to buy pulp logs for their mills with no penalty due to export. If so they would not be affected.

5. In addition they could continue to obtain tens of millions of feet of non export logs from Washington State lands by continuing to trade their own logs to exporters.

The facts are that the big companies will not be affected but the little ones who must compete with them will be.

The Morse Amendment was intended to preserve some of the small independent log using companies in the face of the crushing export market. The substitution rule was to protect these small operators from having large timber owning companies exporting their own long term timber and replacing it with federal timber. However, if you cannot devise a workable plan which will not penalize or put the small operator at an even greater disadvantage to the large timber owning companies then they are now, then it would be better to have no substitution rules at all. It would be better to continue under present condition, bad as they are, than to make things even worse for the independent.

Lastly, but very important, if you do implement a plan do not make it retroactive as this would be grossly unfair and perhaps illegal. Many companies, which have competed in good faith, could be excluded from federal timber for a year and this would put them out of business and thousands of workers would be out of jobs.

STATEMENT OF ANDERSON & MIDDLETON LUMBER CO., SALEM, OREG.
JUNE 8, 1972

Mr. Chairman, I am Richard Middleton, representing the Anderson and Middleton Lumber Company of Aberdeen, Washington. We operate a cargo sawmill which transports its lumber to the Atlantic Coast by ship. We also operate a veneer processing plant.

Ours is the last remaining independent sawmill on Grays Harbor, and it has been squeezed down to one shift by lack of logs. Our veneer capacity has likewise been cut. Since log exports began, two plywood mills and two sawmills have been closed. Our company is struggling merely to keep operating and has laid off 140 people. All told, in our area, over 800 shoremen have only increased by about 50.

In Grays Harbor every exportable type log is being shipped out. Only the Forest Service timber is not being exported and this is all that is keeping the small independents alive. Without some log export controls many more small operations will be squeezed out of business.

We have a recommendation that can solve the problems of log exports. Ban all log exports in much the same manner as British Columbia does.

The logs will then be processed in American mills, just as Canadian logs are processed in Canadian mills. Both the large timber companies and the small independent companies can build more mills. There will be more logs for all and employment will increase greatly. We will be able to better supply this country's huge demand for housing.

Not being able to buy logs, Japan will buy our lumber, just as they buy Canadian lumber.

Our ports will keep their facilities busy shipping this lumber to Japan and our Atlantic Coast, just as Canadian ports do. The longshoremen will have jobs loading this lumber, just as Canadian longshoremen do.

In addition, and very important, our country's critical balance of payment problem will be helped tremendously. Instead of exporting billions of board feet of raw logs, while at the same time importing billions of feet of manufactured and finished forest products, we will export finished products with a much greater dollar in-flow. Moreover, our own forests will supply a much larger share to our own massive housing needs and thus materially cut the dollar out-flow.

Let me conclude by stating that the banning of all log exports, subject to certain relief provisions somewhat like British Columbia has, is the fairest to all parties concerned, with the least harm to anyone.

Unrestricted log exports will mean the continued sacrifice of the independents for the benefit of the few.

APEX WOOD PRODUCTS CORP.,
Lake Stevens, Wash., April 10, 1973.

The following is a list of the man-hours spent in the lumber industry in the State of Washington, June 1971–June 1972:

	Man-hours
Logging and trucking to log dumps—1,114 firms	16, 660, 000
Booming and rafting—41 firms	739, 000
Saw mills—398	23, 892, 000
Plywood plants—34	13, 673, 000
Remanufacturing plants—739 firms (moulding, doors, box factories, and cabinet shops)	19, 895, 000
Lumber yards—389 firms	4, 864, 000

It is possible to double the man-hours for the Saw mills, Plywood plants, remanufacturing plants and Lumber yards if the logs were available. Most of these plants can only fill half their orders because of the lack of material.

The following is a list of the total man-hours spent in loading logs for export at all west coast ports, June 1971–June 1972: 434,000 man-hours.

SENATOR PACKWOOD: In the State of Washington lumber is our largest single industry. This is being rapidly cut off by the export of logs which is our only source of raw material. Last year, in the State, FORTY PER CENT of the lumber harvested was exported to foreign ports. This has forced many of us to look to Canada for our only source of material. Many of the saw mills and plywood plants as well as the remanufacturing plants are working a single shift, whereas in the past, these plants worked two shifts and some of them even three. It is discouraging that a handful of profit takers and longshoremen are able to control the entire lumber industry in this manner.

Weyerhaeuser, one of the larger exporters in our area, has requested permission to harvest our timber on a seventy year cycle instead of the hundred year cycle that was set up originally. That means the timber harvest can only be used for construction lumber.

We are a small manufacturer, and only consume about a million and a half board feet of industrial lumber, which two years ago was purchased one hundred percent locally. Today, we are only able to purchase ten percent locally, the rest we have to buy from Canada.

Most of the remanufacturers and plywood plants need a shop or clear type log that must be two hundred or more years old. Of the logs being exported, EIGHTY PERCENT of them fall in to this category. Many of these being 350 and 400 year logs.

As you are no doubt aware, some of the large mills have had to close down already due to the lack of available logs.

DON W. BERRY,
President.

ARIZONANS FOR QUALITY ENVIRONMENT,
Tucson, Ariz., April 16, 1973.

Hon. BOB PACKWOOD,
U.S. Senate,
Washington, D.C.

DEAR SIR: United States timber companies have been overcutting their own lands in order to meet the demands of foreign markets. This has resulted in increased pressures on our publicly owned forests, which in many cases are being sacrificed for the benefit of a few and at the loss to future generations.

Therefore, it is heartening to read of your legislation designed to ban timber exports from federally owned forests and eventually phase out exports from private land (*Environmental Action*, March 17, 1973, p. 16).

We applaud your concern for this precious resource and would appreciate further information concerning the bill, in order that we might urge our Congressmen to give it their full support.

Sincerely,

PETER WILD,
Chairman, Wilderness Committee.

ASSOCIATED STUDENTS—UNIVERSITY OF OREGON,
Eugene, Oreg., April 13, 1973.

Senator BOB PACKWOOD,
Washington, D.C.

DEAR SENATOR PACKWOOD: I want to express my congratulations and support for your courageous stand in proposing your log export ban. I was unable to attend the hearing in Portland but would like to at this time give my support to what in my opinion is a very critical bill. Not only must we worry about the very serious problem of inflating lumber prices, we must give careful attention to the ecological considerations of growing exports of logs to Japan. Let me say that the ecological considerations definitely point to a bill such as yours.

I think that the arguement that an immediate ban on log exports would have deleterious effects on the local economy is absurd. Prices would not be going up as much as they are if demand was not great in domestic markets. It seems paradoxical to me that we should ship logs to Japan and then import, at a high price, logs from Canada. Only special interests involved in log exports are complaining about the bill, but if we are to heed their very vocal cries we shall be making a mistake that will effect nearly every American.

An increase in timber cutting will not solve the problem either. In talking with Mr. Earl Nichols, Forest Supervisor of the Deschutes National Forest I was convinced that no immediate good can come from increases in timber sales at this point. First because there is a two and one-half year delay between sales and actual cutting of the timber on the average Western National Forest lands and secondly because the Forest Supervisors would be hard pressed to find additional suitable areas. None the less, Mr. Nichols informs me that at a meeting of the Western Region National Forest Supervisors in Portland on April 6, he was told to find additional areas for timber sales. Mr. Nichols seemed to be of the opinion, and I would tend to agree, that hasty efforts at timber sales without environmental study would not only fail to solve the immediate problem of inflated prices, such efforts might be very costly to the environment in the long run.

Obviously increased cutting is not the answer to the problem of inflation in any immediate sense (aside from the problems such increases would pose to the sustained yield concept). As a long range scheme it is totally unacceptable to those who would see us protect our natural resources. A log export ban on the other hand would offer some immediate relief without endangering the environment. My very best wishes for the success of your bill!

Sincerely,

MICHAEL DOTTEN,
Director.

STATEMENT OF DONALD G. BAXTER, BROOKINGS PLYWOOD CORP.

I am Donald Baxter, General Manager and Sales Manager of Brookings Plywood Corporation, Brookings, Oregon. I am a member of the Board of Trustees of American Plywood Association. My company is a medium-sized manufacturer of softwood plywood, annual volume about 100 million sw. ft. We are a cooperative company, one of seventeen in the plywood industry; that is, our company is owned by the workers. We have 215 working shareholders. Our annual dollar volume is about 12 million dollars.

Brookings owns some 25 million feet of standing timber, but we are 90 percent dependent on purchase of timber from others, including the Federal government. Our location, just north of the California border puts us just on the edge of the log export belt. However, we are not an exporter of logs or finished products at this time.

My statement is basically on log exports, but it also touches on price controls and on the subject of timber supply, as all are related in the current climate of record demand, short supply and high prices of both raw material and finished product.

SUPPLY AND DEMAND

To begin with our timber-rich nation has an artificial shortage of raw material to meet its demands for wood products for houses, paper, furniture, containers, clothing and chemicals.

You can't have houses without timber, and the Federal forests in this country hold the key to improved timber supply in the future.

The reason for the increase in lumber and plywood prices over the last 18 months is the record rate of home building. There were 2.4 million new houses built in 1972, and home building increased 62 percent from 1970 to 1972. Thus far in 1973, home building continues its record pace.

The last record housing year before 1971 was 1969, and plywood and lumber prices were driven up by demand then. Congressional hearings, investigations, studies by a Presidential task force and other events all concluded that more timber had to be made available from the Forest Service and Bureau of Land Management.

FEDERAL FORESTS MUST SUPPLY RAW MATERIAL

In 1971 and 1972—the peak demand years for housing—the volume of timber sold by the Forest Service declined substantially. In fiscal 1972, the volume of timber sold was 2.3 billion board feet under the allowable cut. In fiscal 1973, before the recent statements by Dr. Dunlop about increasing the timber supply, it was expected that the volume sold would be 2.7 billion board feet short of the allowable cut. The effects of the Administration's announced intention to put 11.8 billion board feet up for sale this year remain to be seen.

The Federal lands are so important because they contain 58 percent of all of the nation's softwood sawtimber. And the Chief of the Forest Service, which manages the National Forest System, has publicly stated that the timber harvest could be increased by 50 percent, if adequate funds were available for tree-growing programs.

That's why I stated earlier that we have an *artificial* shortage of raw material in this country. The trees are there, under sustained yield management, but funds are not made available to sell the full annual allowable cut.

All of this is necessary to put the export picture into context. It's also important to note that while the U.S. is having a boom in house construction, the Japanese are having a housing boom of their own. They are building almost as many houses now as we are.

And, Japan's need for wood will continue to be strong, if our information is correct that Japan is about to adopt Western wood framing techniques for house construction in place of their current post and beam system. U.S. construction methods require even more wood than the traditional flimsy Japanese system.

LOG EXPORT ISSUE

In my opinion, the log export issue is one of the most complex that our industry has faced. It's difficult to reach agreement among the manufacturers because some of them are exporters also; others are trying to supply only the domestic market with timber purchased from the Forest Service. Then the varying export policies of the States of Washington, Oregon and Alaska complicate the issue as do international trade agreements and balance of payments.

However, the treatment of raw logs under the Phase II mandatory price controls and the Phase III voluntary controls, and the record high export buying when raw material in the U.S. is in short supply, have combined to work hardships on those manufacturers dependent on public timber to supply their mills.

Although logs are considered an agricultural product, they differ from the majority of agricultural products in that with proper care, they are not perishable. With that proper care and without further processing they can be stored for two years or more without appreciable deterioration. Still, they have been exempt from controls under the economic stabilization program.

Export buying and the short timber supply situation have combined to drive raw material costs skyward. Tables are attached that show average figures. These don't tell the whole story. W've seen sales in the "export belt" where export buyers have bid up the price to four or five times the appraised value of the timber. There is no way for a plywood producer to compete in these sales and get a return for his finished product that will net a profit or at least a break-even figure to keep him in business.

The price controls as they've been applied to our industry haven't helped. A retail merchant, for example, in stocking his store, is allowed to daily increase costs of items in his store to reflect the current increases in wholesale prices. Otherwise, he could find himself sold out of merchandise and not able to replace his stock even if he took his original cost and the profit thereon to reorder.

Price controls have not allowed this latitude in the forest products industry, and have required that the actual purchase and delivery of raw material be consummated before it could be added into the sales price. And they have further limited the profit margin so the manufacturer had no opportunity to create a cash reserve, thereby eliminating any possibility of averaging his increased costs over any period of time.

With the unprecedented volume buying of logs by the Japanese at previously unheard of prices, profit opportunities have arisen for a segment of the forest industry.

A manufacturer who might have 10 million feet of logs which could be legally exported has been able to sell these logs for export at prices which have gone as high as $500 per 1,000 bd. ft. (M).

This same manufacturer under the current Morse Amendment is able to bid and buy Forest Service timber. If competition forced him to pay $225/M, and his logging and hauling costs are $75/M, he can then replace his cold deck (or inventory) for a cost of $300/M. If his original deck had cost him $100/M, he would then find himself back to the same position on raw material that he was before he exported, and enjoy a profit of $100/M—for a total of one million dollars. This practice of replacing exported private timber with Forest Service timber that is not legally exportable is called *substitution*. While substitution is not permitted under the Morse Amendment, no substitution regulations have been written, and it therefore hasn't been enforced.

Many mills who are solely dependent upon Forest Service timber do not have the opportunity to export, and are faced with the very real problem of having to compete with this operator who could profitably (because of his ex-

ports) bid $225/M or more. Thus, the non-exporting operator has to rely solely on the domestic market with controlled prices to net him some profit and stay in business.

THE DILEMMA

It is hardly possible that an individual could suggest realistic corrective measures to east the current situation regarding log exports and total timber supply.

There would have to be an awareness of such areas as balance of trade, international monetary policy, diplomatic relations, state forest management and funding policies and domestic manufacturing requirements. Then too, must be considered the moral rights of those owners who have nurtured their own forests and paid the taxes thereon, to dispose of the timber to their best financial advantage.

Realizing that the land of opportunity is going to breed some opportunists, there should be recognition that the overwhelming majority of manufacturers of forest products have conscientiously tried to operate within the scope of all regulations.

Hopefully, in establishing a plan of action in regard to log exports, the Congress will give cognizance to the overall problem—that is the shortage of available raw material and the strong competition for that material.

ATTACHMENTS

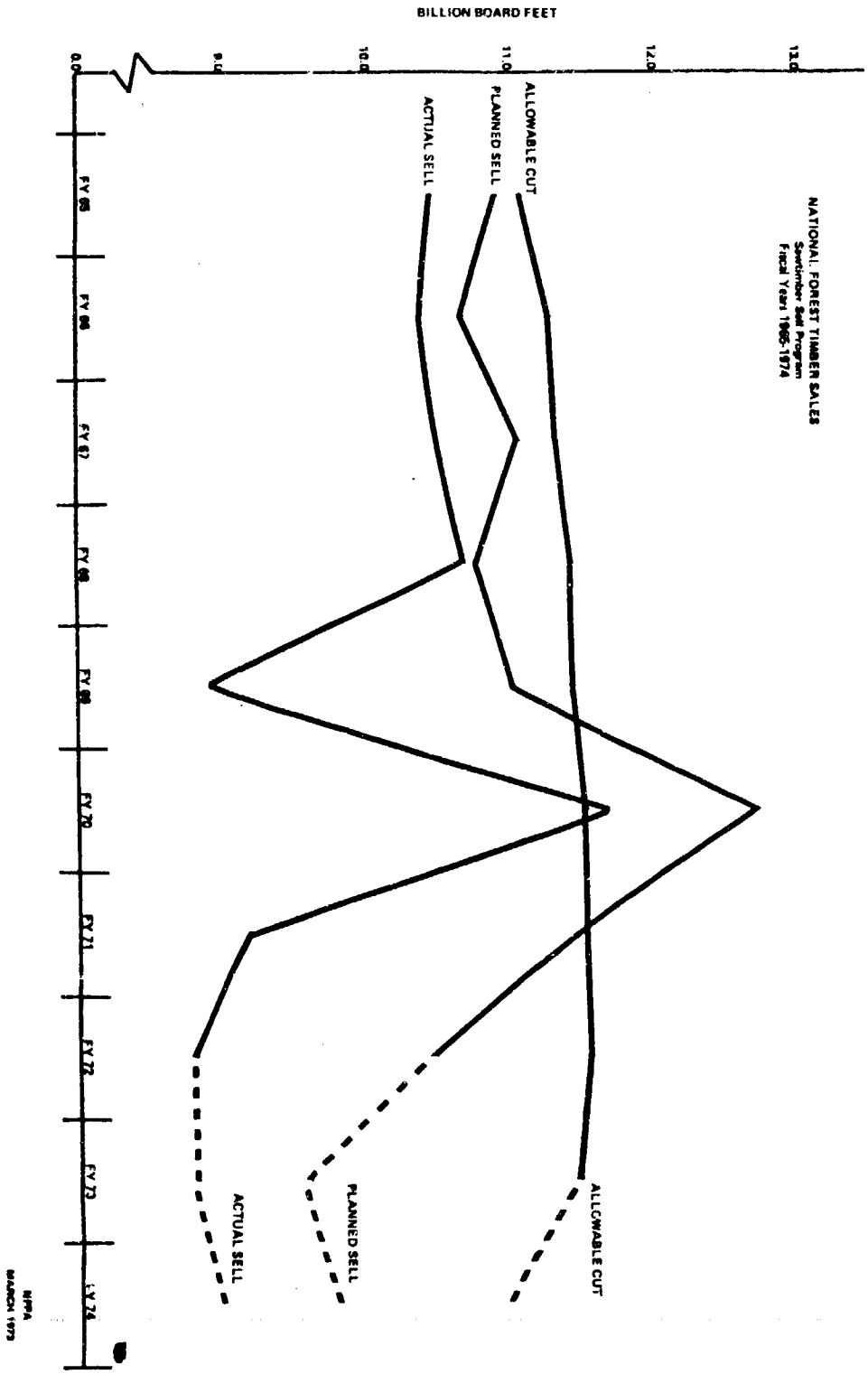
1. NFPA Table and Chart Showing Reduced Timber Supply from National Forests.
2. Imports and Exports Table.
3. Comparison Between 1971 and 1972 Average Stumpage Prices in Region 6.
4. Recent Data on Federal Timber Sales in the State of Washington.
5. Whalehead Timber Sale, Gifford Pinchot National Forest, March 28, 1973.
6. Allocation of Exempt Volume Under Morse Amendment.

NATIONAL FOREST TIMBER SALE PROGRAM, SELL AND HARVEST ACCOMPLISHMENTS—SAWTIMBER (ONLY), FISCAL YEARS 1965-74

Fiscal year	Allowable harvest as of Jan. 1	Volume of timber sold			Volume of timber harvest		
		Planned [1] (million board feet) [2]	Actual (million board feet) [2]	Percent accomplishment	Planned [1] (million board feet) [2]	Actual (million board feet) [2]	Percent accomplishment
1965	11,094	10,934	10,454	96	10,722	10,045	94
1966	11,292	10,683	10,382	97	11,002	10,902	99
1967	11,331	11,087	10,508	95	11,096	9,668	87
1968	11,429	10,773	10,681	99	11,718	10,808	92
1969	11,466	11,031	[3] 8,901	81	11,926	10,393	87
1970	11,545	12,754	11,667	91	12,706	9,818	77
1971	11,544	11,509	9,175	80	12,787	8,823	69
1972	11,568	10,470	8,817	84	13,125	10,181	78
1973	11,512	[4] (9,600)	(8,800)	(92)	(12,800)	(11,000)	(86)
1974	(11,000)	(9,800)	(9,000)	(92)	(11,000)	(10,800)	(98)

[1] Planned sold and harvest volumes include some convertible products.
[2] Local scale.
[3] After deduction of 8.75 B fbm of Juneau unit pulp sale in Alaska.
[4] Figure in parentheses are estimates.

Source: Forest service timber sale accomplishment reports fiscal year 1965 through fiscal year 1972. Fiscal year 1973 and 1974 performance is estimated.


NATIONAL FOREST TIMBER SALES
Sustainable Sale Program
Fiscal Years 1965-1974
BILLION BOARD FEET
13.0
12.0
11.0
10.0
9.0
0.0
ALLOWABLE CUT
PLANNED SELL
ACTUAL SELL
FY 65
FY 66
FY 67
FY 68
FY 69
FY 70
FY 71
FY 72
FY 73
FY 74
ALLOWABLE CUT
PLANNED SELL
ACTUAL SELL
NFPA
MARCH 1975

IMPORTS AND EXPORTS, SOFTWOOD LOGS AND LUMBER [2]

[Billions of board feet]

Year	Lumber imports (lumber tally)	Lumber exports (lumber tally)	Log exports	
			Log scale	Lumber tally equivalent) [1]
1963	5.0	0.7	0.9	(1.2)
1964	4.9	0.8	1.0	(1.4)
1965	4.9	0.8	1.1	(1.6)
1966	4.6	0.9	1.3	(1.8)
1967	4.8	1.0	1.9	(2.6)
1968	5.8	1.0	2.5	(3.5)
1969	5.8	1.0	2.3	(3.2)
1970	5.8	1.2	2.7	(3.8)
1971	7.2	0.9	2.2	(3.1)
1972	9.0	1.2	3.0	(4.3)

[1] Lumber tally equivalent is estimated to be 1.4 times the log scale volume.
[2] No appreciable volume of softwood plywood is imported to or exported from United States.

COMPARISON BETWEEN 1971 AND 1972 AVERAGE STUMPAGE PRICES FOR THOSE NATIONAL FORESTS WITH EXPORT EXEMPTION IN REGION 6

[In dollars per thousand board feet]

National forests	1971	1972	Percentage increase between 1971 and 1972
Gifford Pinchot	37.35	73.82	+98
Mount Baker	13.62	54.14	+275
Okanogan	12.03	18.64	+55
Olympic	21.31	38.45	+80
Snoqualmie	22.76	54.84	+150
Wenatchee	4.20	10.59	+152
Deschutes	26.40	29.22	+11
Mount Hood	27.97	46.05	+65
Rogue River	41.40	48.79	+17
Siskiyou	34.94	67.45	+93
Siuslaw	45.70	61.56	+34
Umpqua	31.79	49.77	+57
Willamette	37.37	63.49	+70

Souce: U.S. Forest Service figures.

TIMBER SALES, OLYMPIC NATIONAL FOREST—OCTOBER, NOVEMBER, AND DECEMPER 1972

Date	Name of sale	Volume thousand board feet	Appraised price	Bid price	Bid ratio	Name of purchasers
Nov. 3	Bid Bird Vertical	13,617	176,852.88	716,300.88	4.05	ITT Rayonier, Inc.
Nov. 15	Cool Creek	9,435	57,992.00	69,695.00	1.20	M & R Timber, Inc.[1]
Do	Upper West Goodman	17,580	541,813.80	705,639.80	1.30	Everett Plywood Co.
Nov 17	East Fork Ridge	2,600	61,928.00	62,258.00	1.01	Publishers Forest Products.
Dec. 20	Middle Salmon South	6,000	196,472.00	196,472.00	1.00	ITT Rayonier, Inc.
Dec. 22	Raft Ridge Extension	10,900	516,494.00	694,722.00	1.35	Do.
Do	Sam's Charlie	13,300	748,019.00	895,371.00	1.20	F. R. Bradley Log Co.[1]
Dec. 27	Big Foot Salvage	2,328	66,922.16	130,063.16	1.94	Seaboard Lumber Co.
Do	Salmon Creek Int	1,150	8,614.30	19,102.70	2.22	M & R Timber, Inc.[1]
Dec. 28	Hinkle Knot Mountain	2,314	88,118.21	88,118.21	1.00	Do.
Do	Mount Walker Int	1,700	51,511.00	51,511.00	1.00	Ervin Kelly Log Co.[1]
Dec. 29	Pyramid Mountain	14,828	603,137.08	1,340,956.08	2.22	Everett Plywood Co.

[1] Major business is log export.

Source: U.S. Forest Service: National forest timber sales, region six, 2490.

TIMBER SALES GIFFORD PINCHOT NATIONAL FOREST—OCTOBER, NOVEMBER, AND DECEMBER 1972

Date	Name of sale	Volume thousand board feet	Appraised price	Bid price	Bid ratio	Name of purchasers
Oct. 4	Crater	8,300	553,098.00	762,951.00	1.38	Caffall Bros.[1]
Do	Goat Point	3,500	229,698.00	229,698.00	1.00	Do.
Oct. 25	Wish	1,250	97,957.00	133,407.00	1.36	Multnomah Plywood.
Nov. 8	Hill	12,700	867,082.00	1,450,940.00	1.67	Cascade Locks Lumber Co.
Do	Bee	1,230	86,542.70	103,999.70	1.20	SDS Lumber Co.
Dec. 6	Allen	6,100	364,477.00	1,231,783.00	3.38	Van Port Manufacturing[1]
Do	Elk Ridge	10,900	322,194.00	830,289.00	2.58	Cowlitz Stud Co.
Dec. 13	Pass	14,000	973,568.00	3,656,702.00	3.76	Van Port Manufacturing.
Dec. 14	Rush	13,040	1,089,294.40	1,512,226.40	1.39	Stevenson Co-Plywood.
Dec. 15	Stack	1,360	85,862.00	8,603.30	1.00	Lyle Wood Products.
Do	Hendricks	9,400	647,902.00	828,839.00	1.28	Packwood Lumber.
Dec. 21	Pine	6,200	534,495.00	787,099.00	1.47	Fort Vancouver Plywood.
Dec. 20	Ole	1,450	65,559.90	77,870.90	1.19	Wilkin-Kaiser-Olsen.
Dec. 21	Basket	3,800	173,138.00	177,888.00	1.03	Astoria Plywood.
Do	Cabin	5,100	230,235.00	267,426.00	1.16	Do.
Dec. 22	Catch	3,900	222,371.00	394,744.00	1.78	Wasser Winter.[1]
Do	House	6,800	537,381.00	683,767.00	1.27	Multnomah Plywood.
Dec. 29	Spook	8,600	652,613.00	1,085,095.00	1.66	SDS Lumber Co.[1]
Dec. 28	Woolly	4,300	282,519.00	625,639.00	1.86	D & R Timber Co.
Do	Blue	11,500	235,535.00	691,367.00	2.99	Van Port Manufacturing[1]
Do	Watchman	5,500	223,707.00	314,070.00	1.40	Astoria Plywood.

[1] Major business is log export.

Source: U.S. Forest Service: National forest timber sales, region six, 2490.

TIMBER SALES, MOUNT BAKER NATIONAL FOREST—OCTOBER, NOVEMBER, AND DECEMBER 1972

Date	Name of sale	Volume thousand board feet	Appraised price	Bid price	Bid ratio	Name of purchasers
Oct. 26	Loner	3,590	126,311.45	193,570.45	1.53	Mount Baker Plywood.
Nov. 2	East Finney	12,000	56,168.40	60,925.70	1.08	Evergreen Helicopter.
Nov. 11	Huckleberry	1,100	62,676.40	94,209.20	1.50	Point Gardner Timber.[1]
Dec. 7	Overlook	1,950	115,550.20	161,018.30	1.39	Welco Lumber Co.
Dec. 13	Segelson Ridge	8,790	158,077.00	690,328.00	4.37	Summit Timber Co.[1]
Dec. 14	Big Foot	3,850	186,829.00	349,552.00	1.87	F. R. Bradley Logging. Co.[1]
Dec. 21	Flyaway	5,000	88,417.60	88,417.60	1.00	Evergreen Helicopter.
Do	Little Deer Peak	15,700	555,778.95	1,994,654.85	3.59	Point Gardner Timber.[1]
Do	West Dam	2,000	62,613.50	196,187.00	3.13	Miller Shingle Co.
Dec. 28	Rotary	3,190	128,720.20	416,893.00	3.24	F. R. Bradley Logging Co.[1]
Do	Green Boundary	2,970	137,893.50	421,303.50	3.06	Miller Shingle Co.

[1] Major business is log export.

Source: U.S. Forest Service: National forest timber sales, region six, 2490.

TIMBER SALES, SNOQUALMIE NATIONAL FOREST—OCTOBER, NOVEMBER, AND DECEMBER 1972

Date	Name of sale	Volume thousand board feet	Appraised price	Bid price	Bid ratio	Name of purchasers
Oct. 13	East Valley Shelterwood	2,200	122,746.00	135,187.00	1.10	Cheney Lumber Co.
Do	Baring Salvage	1,390	97,464.50	113,458.50	1.16	Seattle Sno. Mill Co.
Oct. 12	Sawmill	10,100	369,857.00	369,876.00	1.00	Boise Cascade Corp.
Do	Swamp Devil	1,000	33,118.20	33,122.80	1.00	Layman Lumber Co.
Nov. 17	Carbon Ridge Blowdown	8,700	251,641.00	637,363.00	2.53	Point Gardner Timber.[1]
Do	3rd of July	4,150	166,585.00	477,625.50	2.87	Do.
Dec. 1	Handsome Blowdown	1,520	58,699.90	100,805.50	1.72	D & R Timber Co.[1]
Do	West 28 Mile	6,500	259,861.00	476,260.00	1.83	Point Gardner Timber.[1]
Do	Cappy	1,770	107,992.80	159,551.50	1.48	Welco Lumber Co.
Dec. 8	Fire Creeks	11,600	614,374.00	1,110,110.00	1.81	Seaboard Lumber Co.
Do	Sky Hi	5,900	271,906.00	293,515.00	1.08	Mount Baker Plywood.
Dec. 18	Lost Bear	1,000	32,482.20	32,482.20	1.00	Layman Lumber Co.
Dec. 22	Schneider Springs	7,900	321,007.00	321,007.00	1.00	Do.
Dec. 29	Cady	2,200	150,729.00	241,762.00	1.60	Transcontinental Log.[1]
Do	Dry Creek	4,200	215,325.00	879,185.00	4.08	West Coast Orient.[1]
Do	Martha	5,650	33[illegible],710.50	1,108,094.50	3.30	Trial Timber Co.[1]
Do	Clearance	1,970	79,758.00	291,909.00	3.66	West Coast Orient.
Dec. 28	North Fork	7,000	321,003.00	321,045.00	1.00	Layman Lumber Co.
Do	Sam's Creek	4,700	235,616.00	235,674.00	1.00	Boise Cascade Corp.

[1] Major business is log export.

Source: U.S. Forest Service: National forest timber sales, region six, 2490.

WHALEHEAD TIMBER SALE, RANDLE RANGER STATION, GIFFORD PINCHOT NATIONAL FORESTS, MARCH 28, 1973

Species	Douglas-fir	Hemlock and others	Per acre material	Total
Volume	4,500	6,600	161 AC	11,100+161 AC
Minimum appraised price	$103.12	$77.14	$36.35	$979,016.35
Domestic bidder	103.12	77.14	36.35	979,016.35
Do	280.00	256.00	36 35	2,955,452.35
Do	103.12	77.14	36.35	979,016.35
Do	105.00	80.00	35.35	1,006,352.35
Do	682.00	77.14	36.35	3,583,976.35
Exporter	388.50	279.00	36.35	3,595,502.35
Domestic bidder	103.12	77.14	36.25	979,016.35
Exporter	103.12	77.14	36.35	979,016.35
Do	200.00	255.00	36.35	2,588,852.35
Exporter (successful bidder)	364.50	295.50	36.35	3,596,402.35
Exporter	103.12	77.14	36.35	979,016.35
Domestic bidder	103.12	77.14	36.35	979,016.35
Exporter	325.00	260.00	36.35	3,184,352.35
Do	406.00	260.50	36.35	3,552,152.35

Allocation of exempt volume under Morse amendment

[In million board feet]

	Volume timber
Federal agency:	
Bureau of Land Management (Oregon)	60
National Forest—Oregon:	
Mount Hood National Forest	49
Willamette National Forest	19
Siuslaw National Forest	9
Des Chutes National Forest	4
Rogue River National Forest	1
Siskiyou National Forest	3
Umpqua National Forest	3
Total Oregon National Forest	88
Total all Federal	148
National Forest—Washington:	
Mount Baker National Forest	26
Snoqualmie National Forest	43
Gifford Pinchot National Forest	64
Olympic National Forest	33
Wenatchee National Forest	14
Okanogan National Forest	2
Total Washington National Forest	182
Total National Forest	270
Total all Federal	350

B.W.P. INC.,
Buffalo, N Y., March 21, 1973.

President RICHARD M. NIXON,
White House,
Washington, D.C.

DEAR MR. PRESIDENT: I am quite concerned with the problem of log exports in particular and raw material exports in general, by this country.

I think it is unfair and un-American to attempt to balance our high trade deficit practically solely by the export of logs. This practice removes from the marketplace the mainstay of my industry—a means to make a living for myself and millions more who look for their weekly pay from forest products sales.

I think it is greedy and immoral for the huge loggers to be able to hide untaxable profits in Disc Corporations.

Obviously, making more and more national forest land available for bid for 90% national consumption is not the complete solution either, because the bidding on these huge tracts can only be successful to those large exporters with the cash available and further who can and must bid sky high due to the price rises constantly occurring from the shortage resulting from exports.

We can see the proverbial circle of events which are taking place here. Our lawmakers are responsible for this mess and I suggest that they get ready to admit it, and get it changed so that we can all live in this Great Country, America.

For sure, it is a complex problem, but the solution therefore, cannot be a simple one, that is, attempting to solve the problem of imbalance of payments via log exports. The results of this attempt is disastrous to the small businessman in the Lumber & Building Industry. It can and will wipe him out unless something is done fast. It makes no sense to me that certain Disc Corporations can reap exorbitant, tax-free profits at the expense of the livelihood of the entire lumber industry.

The problem is tightly related to the United States' problem of competing in a world market with goods purchased in this country. The price of our labor is so high on a world scale that it becomes unfeasible for the world market to consider our goods abroad. I feel we need wage controls at least for the next three or four years in the hope that the rise in price of labor in foreign countries will enable this country to get close and compete. Meanwhile, our technology will be moving along toward improvement and further aid our competitive position.

Please do not look upon us as a typical pressure group seeking "special favors" or privileges. The Building Industry is so large with such far-reaching effects on the economy that it can be likened to a shut-off valve on a water pipe. Almost all products and raw materials produced in our economy eventually end up in a new home or apartment, office building, or manufacturing plant.

I feel it is vital to national security to keep this industry sound and profitable. The make-up of the business entities within the Lumber and Building Industry are usually small; thousands of companies with annual sales of one to three million with never enough retained earnings to withstand a financial crisis which is now taking its toll upon us.

We need help along with those people who depend upon us to pay their wages as well as the Furniture Industry, the Paper Industry, the Folding Box Industry, the Cabinet Industry, the Template Industry, the Toy Industry . . .

Sincerely,

RAYMOND V. PAOLINI,
President.

SEATTLE, WASH., *March 9, 1973.*

Hon. ROBERT PACKWOOD,
U.S. Sentate,
Washington, D.C.

DEAR SENATOR PACKWOOD: For the past several weeks I have been searching for a recipient for this letter—someone who voices my sentiments on the timber crisis. After watching a local television documentary on red cedar and other western woods and hearing your views and proposed legislation, you seem to be the spokesman for my concerns.

I am both despaired and irritated over the logging and lumber policies of the State of Washington and our local companies. Our own state leaders seem to be paralyzed against taking positions on the issue, if not for fear of political unpopularity, than from nearsightedness. As you said, Washington's timber resources are not just her business, but concern all America.

Some of the reasons to condone lumber exports are justifiable: free enterprise, supply and demand, employment, port trade, etc. But since when have foreign demands for American resources come before domestic demands? Why should we provide every Japanese with a decent home at the expense of our own homebuilding needs? Why should the timber companies and their stockholders get richer and richer without even providing ample availability instead of increased scarcity of lumber? Why do we denude more and more acreage, public and private, to satiate foreign demands? Why, why, why?

Perhaps too many of us are content to live in a plastic and synthetic environment or believe new materials will replace wood. The alternatives are depressing. Perhaps western red cedar will become our generation's "buffalo."

Until the past decade, America was the manufacturing leader of the world for her exports. Since our trade deficits show this no longer to be true, must we start selling our raw resources as well? Under the "guns and butter" policy of the past few years selling guns was disastrous enough. Must we sell the butter as well?

If there are others to whom I may direct my comments, please let me know. Thank you for your attention to this letter and I trust you can enlist bipartisan support to effect legislation to help preserve our timber resources and to use them judiciously for ourselves and future generations.

Sincerely,

GARY E. BICKLEY.

Seattle, Wash. 98115
SEATTLE, WASH., *April 8, 1973.*

Senator BOB PACKWOOD,
Portland, Oreg.

Dear Senator: For quite some time I have studied timber inventory data for West Wash. Enclosed is summary of roughly how things stand.

One big problem is that from 1920 to about 1945 several million acres of the better lowlands were logged and did not restock naturally. Now these two million acres have trees with ages of say 25-years; in 1984 these trees will average around 36 years old. At the same time most of the old growth will be completely gone.

The National Resources Committee Report "Forest Resources of the Pacific Northwest", 1938, published by the government, and prepared by leaders in the forest industry, page 32, under Life of the Forest Industries, seems to hint, that the sad day is coming in about 47 years from the year 1938. Most of their estimates are right on schedule, and the giants are re-investing their timber mining profits outside the state.

The day is coming when the government will finance the importation of 2 billion feet of logs, to open up small and medium sized forest industries; perhaps just 2 or 3 years away.

Sincerely,

E. BRADY.

TIMBER VOLUME YEAR 1826

W. Wash. West of the Cascade Divide, Scribner Decimal C.

Timber volume, year 1826, derived from 1880 forest density map. Dept. of Interior, U.S. Census 1880.

Original Timber Volume in this area of 15,348,000 acres in the year 1826 was: approximately (excluding alpine and poor sub-alpine), 947,754,680,500 board ft., Schibner Dec. C.

From 1826 to 1940 much timber was destroyed by fires in land clearing and developing farmland; in early days trees were in the way of developers and farmers. Logging was about 20% efficient (in 1800's.)

APPROXIMATE TIMBER VOLUME, JANUARY 1973

	Million board feet
Southwest Washington, January 1964, Bulletin PNW-15, Sawtimber 11 in. and over Scribner C	88, 689
Olympic Peninsula, January 1966, PNW-31	63, 735
Puget Sound Area, January 1967, PNW-36	52, 886
Total	205, 310

Seedlings and poletimber under 11 inches are from 4 percent to 10 percent additional to above.

APPROXIMATE TIMBER VOLUME, JANUARY 1973—Continued

	Million board feet
Less logged in years since above survey dates, est	46,000
Estimated January 1973*	159,310
Approximately one-third of these are at higher elevations and on steep slopes, which when removed may intensify spring flooding, and create serious legal problems for the Forest Service and the State.	
Less trees on steep area	58,436
Balance	100,874

* Figures do not include seedlings & saplings under 6 inch or poletimber 6 to 10.5 inches. About 90% of volume is coming from old growth logging currently.
Figures do not include alder or other hardwoods.
Source: USFS Pacific Northwest Forest and Research Stat. Survey).

Including cutting waste, the above supply of timber will likely be depleted in 11 years from 1973.

CASCADIA LUMBER CO.,
Portland, Oreg., March 27, 1973.

SUBCOMMITTEE ON INTERNATIONAL FINANCE,
Dirksen Senate Office Building,
Washington, D.C.

Gentlemen: It is imperative that something be done relative to log exports because of the following:

1. The price of timber has been bid up so high that domestic mills cannot compete without exporting logs, thus reducing lumber production.
2. The log shortage will become very drastic in the long run because at this time mills are cutting a log which was purchashed on a low market. When these are gone manufacturers will not be able to replace them at a reasonable price and a great many mill shut downs could occur.
3. Even now mills are curtailing production and, as in the case of Seattle Cedar Lumber Co., they are shutting down.
4. By exporting logs we are giving our by-products away—chips, for example.
5. Exporting of logs actually hurts our balance of trade. American mills which are curtailing production creates a shortage of material. This, in turn, causes the buyers in the United States to import tremendous quantities of high priced building materials as finished products. We pay far more for these finished products than is ever realized from the export of logs. This is why price controls on lumber are unworkable.
6. We are virtually giving away a natural resource and depleting the American forests.
7. If the mills had additional logs, it would be no problem to work crews additional hours or to add a shift. Even now there are students looking for summer work that could be utilized to help increase production.
8. Canada only exports logs when there is definitely a surplus. Why can't the United States work on this premise?
9. Something has to be done about rail cars and the distribution of these conveyances, plus the fact that the Jones Act is curtailing the shipment of lumber to the Eastern Seaboard.

Thank you.

NORMAN J. SIEFKEN.

[From the Oregonian, Mar. 28, 1973]

MISMANAGED TIMBER

The combined assault on Congress and the Nixon Administration by spokesmen for the homebuilding and forest products industries is merely a high point in justifiable criticism that has been building for years.

U.S. Forest Service management people themselves have been pleading for a long time for reinvestment on a much greater scale in reforestation, thinning, salvage roadbuilding and timber sales up to the allowable cut for sustained

yield. But hold-back budgets have come from Washington D.C., as the Administration struggled to curb government spending and keep inflation in check.

The White House is negative on the available methods of providing more wood products for the domestic market in a hurry. These are a ban or limitation on sale of raw logs to Japan and other world markets, inflated bidding for which has driven local buyers out of competition in some areas, and reimposition of price controls that did not work well under Phase 2.

This leaves only long-range goals of bringing cutting in federal forests up to allowable limits for sustained yield, and the reduction of Japanese purchases on a negotiated basis. It takes months and years to prepare timber parcels for sale, offer them for bids and get them logged. And Japan is always ready to discuss points of difference with the United States—such as offshore fishing—but gives way very slowly.

In the case of federal forests, as in the case of hydroelectric generation in the Columbia Basin, the Nixon Administration has sacrificed planned and reasonable management of resources in its effort to hold down over-all spending by the government. But in spite of its efforts, inflation mounts. Phase 2 of wage and price controls was abandoned prematurely and Phase 3 does not have the same bite.

The announcement by John T. Dunlop, director of the Cost of Living Council, that the Administration plans to sell 11.8 billion board feet of timber this year—an increase of almost 900 million board feet—has a hollow ring. It is extremely unlikely that the Forest Service will be funded or can gear up to get these extra logs moved to the mills on such short notice.

The National Association of Homebuilders testified in the Senate hearing that increasing prices of lumber added $1,200 to the cost of a $28,000 home during Phase 2 and 3 of controls. Dunlop said softwood lumber prices have increased 56 per cent overall since January, 1971. But his hint of mandatory wage-price controls in the lumber industry was only a hint.

Dunlop was not speaking from knowledge when he said that to ban Japan's log buying would divert these purchases to finished lumber which would drive prices up even more. The Japanese will not buy our dimensions of lumber unless forced to do so and are likely to go elsewhere for logs if denied the unfinished product. But if they did buy lumber here instead of logs, this would provide more employment for American workers instead of Japanese workers.

In the long haul, the forest products industry, which is a mainstay of employment and profits in the Pacific Northwest, must look to long-term goals—better forest management on federal lands and a reasonable restriction of sale of logs overseas from private lands, with the sellers later turning to the federal forests for timber.

[Telegram]

CASCADE POLE CO.,
Tacoma, Wash., April 25, 1973.

Mr. EDWARD P. KEMP,
Minority Counsel,
Subcommittee on International Finance,
Dirksen Senate Office Building,
Washington D.C.

Following is my statement for the committee hearings concerning log export restrictions:

I believe that it is beneficial to the welfare of the people of this country to have a minimum of tariff barriers and trade restrictions. However, it is detrimental to the best interests of a highly industrialized Nation like the U.S. to export with virtually no restriction a raw material that we are fully capable of manufacturing into a finished product. And further, it is ridiculous to export a raw material and then at the same time import a finished product that we could manufacture ourselves from the raw material exported.

It makes a great deal of sense to have a Government which through administrative action or legislation will encourage and nurture economic circumstances that will make it possible for as great an amount as possible of the wood products exported from this country to be exported in a manufactured form. The Pacwood bill is a great step in that direction. It is my hope that

our port officials and longshoremen will soon see that it is better to handle lumber than logs over our docks; and our economic policy makers will recognize that lumber exports can contribute more than (correction more to) our balance of payments than export of raw logs.

The Japanese, by having recently established an almost unbelievably high level of prices for the wood they are buying from us, have demonstrated that they will buy our lumber if they cannot buy our logs. They have been all over the world in their guest for wood fiber and and still they need our wood in ever increasing quantities.

If we can, if we will, revitalize our Forest Products industry, increase our capacity to produce, both for export and for our domestic requirements, and in so doing we can create thousands of new jobs, put new installed plant capacity on our tax rolls, and improve our balance of payments.

Yours Very Truly,

G. L. MONAHAN,
President.

CLARK & POWELL LUMBER CO.,
Junction City, Oregon., April 18, 1973.

Mr. EDWARD P. KEMP,
Minority Counsel,
Subcommittee on International Finance,
Washington, D.C.

GENTLEMEN: Our firm is a small independent manufacturer of green dimension lumber. We have no timber holdings of our own and therefore are totally dependent upon "open market" logs or purchasing timber sales from public lands.

So far this year we have been unsuccessful in our attempts to purchase a public sale because competition has pushed the prices above the break even point. We currently have enough timber (from previous sales) to supply our needs until September 1973.

Our concern today is not increasing our production by adding extra shifts, etc. but rather, procuring enough timber to guarantee production at current levels through the rest of the year.

We have seen local firms selling their private logs on the export market and then using the additional profit to buy government sales at a price above the domestic break even level.

It is irony that a nation that grew to be a great power with the highest GNP on record, should start exporting it's raw materials. It is an established fact that processing raw material for ultimate consumption, not only provides employment, but adds value to that material even in international trade.

The American wage earner has risen above the rest of the world in average personal income and perhaps is pricing himself out of the international market place. This may be illustrated by the fact that some of the largest exporters of logs are using their profits to make foreign investments and take advantage of cheaper labor. It therefore seems irrational that we should allow the further exportation of our natural resources which can only contribute to increased unemployment and further devaluation of our dollar.

Very truly yours,

GIFFORD POWELL,
General Manager.

MEDFORD VENEER & PLYWOOD CORP.,
April 19, 1973.

Senate Committee on Banking, Housing and Urban Affairs, Subcommittee on International Finance

Senators, Medford Veneer & Plywood Corporation is a worker owned Corporation employing 250 workers of which approximately 185 are stockholders. We produce some 78,000,000 square feet of ⅜" plywood annually, with a payroll of some $2,500,000.00. Federal State and Local taxes total approximately $135,000.000.

We operate a green veneer plant in Cresent City, California and a lay up and finished plant in White City, Oregon.

We have no timber source to draw our raw materials from and are completely dependent on timber purchased from the Federal Government (Primarily from the Gasquet Ranger District of the Six Rivers National Forest which at this time has about 80% of their commercial saw timber locked up in wilderness study areas with a moratorium on any harvest) and logs from other private ownerships in the area.

Competition for this raw material is strong among the local mills. This is a healthy type of competition with the prize usually going to the most efficient operators, as everybody has the same market for their finished product and their dollars are of the same value.

Foreign log buyers entering the arena do so with heavier dollars. This throws the balance in their favor and we can only watch as the logs so desperately needed in our mills are placed aboard ships and go sailing off into the sunset.

This situation is likened to a severed artery and we can only watch as our life blood drains away. A temporary embargo on log exports would act as a tourniquet, a permanent embargo would completely heal the wound.

Without at least a temporary embargo, the closing down of our operations can be seen within the next 18 months. I am certain that many other plywood & lumber producers are looking at the same future. I don't believe it necessary to explain to you the multiplying effects associated with these closures. When a family in Ohio saves enough money to build a home and no lumber is available at any price, this problem will no longer be a local issue.

The government has greased the skids for unprocessed logs leaving our Country with the tax advantages gained through DISC's (Domestic International Sales Corporations). I believe it is time for us to place our domestic needs for this commodity in short supply above all others.

Time is not on our side in this question as at this very moment logs are being loaded aboard vessels. These are logs we need and logs we will never see again.

We support SB 1033 but recommend a more rapid phase out of log exports than provided for in the bill as it is now written.

Sincerely,

DUANE CRITES,
Timber Manager.

EVERETT STEVEDORING CO.,
Everett, Wash., April 17, 1973.

Hon. ROBERT PACKWOOD,
U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR SENATOR PACKWOOD: Copies of a survey which was used by the Home Builders' Association of Metropolitan Portland, Oregon, have just been made available to me.

The first paragraph presupposes that there is a log shortage and then proceeds to ask what would be the production if sufficient logs were available. The second portion of the questionnaire asks how much production could be increased assuming *an adequate supply of logs* compatible with the domestic market and assuming a high rate of demand.

With these two paragraphs as a preamble, it follows that the results of this survey should produce the answers which the Homebuilders' Association of Metropolitan Portland had desired. After receiving 132 of these questionnaires through a series of assumptions, they then arrive at a conclusion that a high percentage of the total export could be milled in existing facilities.

I trust that you will not use this survey to convince your fellow committeemen who did not participate in the hearings that these mills have the unused capacity as has been stated. I do not think that any financial institution would lend funds to mill operators using this survey as a criteria of potential manufacturing capabilities.

Yours very truly,

GLENN E. CROUT,
President.

W. P. DICKERSON & SON, INC.,
Youngwood, Pa., April 11, 1973.

Hon. BOB PACKWOOD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PACKWOOD: The purpose of this letter is to urge with a singular purpose that the Senate quickly enact bill S1033 banning the export of logs and finished lumber products.

BACKGROUND

W. P. Dickerson & Son, Inc., and affiliated Dickerson companies specialize in the construction of buildings, highway bridges and related structures. The Dickerson companies currently have $30,000,000 under construction contracts and regularly employ an average of 300 people. Contracts are predominately obtained through sealed bids to governmental organizations; following a successful bid that results in a construction award to Dickerson, it requires from ½ year to 2½ years to complete most projects. It is literally impossible to foresee, at the time of bidding, the magnitude of each risk that will be encountered during the completion of a contract; nevertheless, Dickerson companies rely upon experience in construction and management and are willing to assign a businessman's risk to each anticipated contingency, and Dickerson bids accordingly.

Our organizations use lumber and plywood extensively for concrete forms and scaffolding on the construction projects. During the period October 1972 to late December 1972, we were unable to obtain plywood at any price. In addition, prices we have been paying for identical quality and quantity purchases of plywood have been increasing at an alarming rate, for example:

Date:	*Price paid per 1,000 square feet*
May 20, 1971	$186.00
Apr. 19, 1972	253.00
Jan. 26, 1973	356.80
Mar. 2, 1973	395.00
Mar. 20, 1973	397.00

These increased costs must be eventually passed on to our customers, who are principally government and public organizations. Ultimately these costs will be borne by the taxpayers through increased taxes to pay for governmental financed projects.

SPECIFIC CONCERN

The acute lumber problem at this time represents classic Economic forces:

(*a*) Increased demand—lumber products for private housing and contract construction.

(*b*) Limited supply—due to a high level of log exports and to a lesser extent the unavailability of railroad cars to distribute lumber products.

Again from the viewpoint of Economics, based on the concept of comparative advantage there is no rational justification for a technologically advanced economy, such as ours in the United States of America, to export a precious raw material that is in great demand within our own nation. We are, in effect, condoning international trade which places our country in a position of relative economic weakness. This position is untenable over an extended period of time.

SUMMARY

In summary, it is respectfully submitted that a primary cause of the lumber shortage in the United States is the increased exportation of logs and finished lumber products. Senate Bill 1033 will have a positive influence on ensuring an adequate supply of lumber at reasonable cost to U.S. taxpayers. The Senate is hereby respectfully urged to quickly enact S1033.

Sincerely yours,

W. LOGAN DICKERSON,
President.

TACOMA, WASH., *March 31, 1973.*

MR. EDWARD P. KEMP,
Minority Counsel,
Subcommittee on International Finance,
Dirksen Senate Office Building,
Washington, D.C.

DEAR MR. KEMP: You invited comments on this subject. By now you will have a substantial amount of testimony of no doubt conflicting nature on the economic effect of log exports. Seattle Cedar Lumber and Northwest Door in Tacoma have closed down and people are out of work. Prices of wood homes in this area have gone up thousands of dollars recently. This also reduces jobs and causes other social ills when families are unable to purchase homes. Log exports have contributed to shortages and shortages lead to increased prices, so it seems log exports should be curtailed.

In all the comments I have read and heard, the effect on the environment seems to get little attention. More and more people hike, camp, fish, hunt and enjoy our beautiful timberlands, lakes and streams. The "woods are already crowded" and will get more so with population growth (which seems to get little attention except from Sen. Bob Packwood) and leisure time growing. Thus, maintaining recreational facilities becomes a social point to consider. Also, recreation equipment, facilities and equipment distribution create jobs and should be considered in the economic effects of the timber cutting, processing and exporting question.

We should also consider how the stepped up timber cutting affects sustained yield (or even increased forest area and yield) programs. Certainly some of the proponents of unlimited log exports such as The Weyerhaeuser Co., Washington Gov. Dan Evans and Wash Land Comm. Bert Cole have nothing to gain from a future log shortage, and it is difficult to understand their support of the "no limitation" approach. Governor Evans in the past has had a good environmental record. We may develop money from such sales, but are we using enough of it to reforest adequately?

Let me conclude with a dash of patriotism and history. Thirty years ago we Americans were highly concerned and a bit furious when incendiary balloons were set upon us to burn our forest after drifting across the Pacific Ocean. Little damage was done then, but the delayed action in the 1970's through cutting for log exports has certainly taken a toll. The trade aspect of importing trail bikes is at least questionable. The air and noise pollution has already destroyed vegetation and wildlife in California, and is taking a toll in our forests.

We seem to be cutting timber at quite a rate as can be noted by hiking or driving our timbered areas or flying over them. This seems to be most apparent in the areas surrounding our National Parks.

I sincerely hope these thoughts will be helpful to you and the Committee.

Very Truly Yours,

BERNARD F. DIXON.

HARTILL LOGGING CO.,
Warrenton, Oreg., March 24, 1973.

EDWARD P. KEMP,
Professional Staff Member,
Subcommittee on International Finance,
Dirksen Senate Office Building,
Washington, D.C.

DEAR MR. KEMP: I am absolutely against any legislation to control the export of timber from the United States, be it in the form of logs or lumber, whether from private or public lands. I feel that the timber owner of private land and the logger who purchases timber from public lands has a right to sell his product where he wishes.

As a bonafide logging company owner here in Western Oregon I can assure you I and many other contract loggers would have had our operations severely curtailed or completely shut down for several months at a time if we had not had a ready export market.

Up until very recently there has been a large surplus of pulp logs so the west coast loggers were able to operate by logging mostly export type timber.

Without the export business many thousands of dollars and many jobs would be lost. I am not only thinking of loggers. What about longshoremen and all the thousands of related businesses that go along with heavy industry?

I do not agree that the export of coniferous timber is creating a serious domestic shortage of soft wood lumber and plywood, or is causing economic hardship in parts of the United States. In fact I believe exporting has helped the United States economy and also has helped our balance of payments. The Japanese are in need of logs and if they do not get them from the United States they will buy them from Russia or other countries. Therefore we could foreseeably lose the market we have now, and future markets.

I think a larger annual allowable cut of national and state timber could be done and still maintain a sustained yield by a more intensive management policy. One project would be more small thinning sales and more salvage sales.

I wish to thank you for giving me this opportunity to write and express my views.

Very Truly yours,

CHARLES W. HARTILL, Jr.

OLYMPIA WASH., *April 4, 1973.*

Mr. EDWARD P. KEMP,
Minority Counsel,
Subcommittee on International Finance,
Dirksen Senate Office Building,
Washington, D.C.

DEAR MR. KEMP: I wish to call your attention to the following as I have seen it.

Seventy years ago here in Olympia, Washington, Mr. Eaton and Mr. Street owned and operated what was known as the west Side Mill. They owned one steamer which hauled lumber to California. There were other ships loading lumber to California. There were other ships loading lumber, some were foreign.

Here in Olympia was Springer's Mill and Sash and Door Factory and several shingle mills. There were saw mills and shingle mill all over Western Washington. They were getting their logs from privately owned land. When the privately owned timber was gone, the big timber companies got control of the state government and some labor leaders and some congressmen. The mills had to close.

There is a limit to most all natural resources on the earth. When they are gone, they can never be replaced. Timber can be replaced if handled right by select cutting, leaving ground cover to hold the moisture, which is lost by clean cutting or burning. It takes fifty years for a fir tree to reach a size where it makes good lumber. Man has never created as much as a single grain of sand. They have learned to use some of the elements that could have benefited the people. The Model T Ford is a good example. It furnished transportation and eliminated the labor of caring for horses.

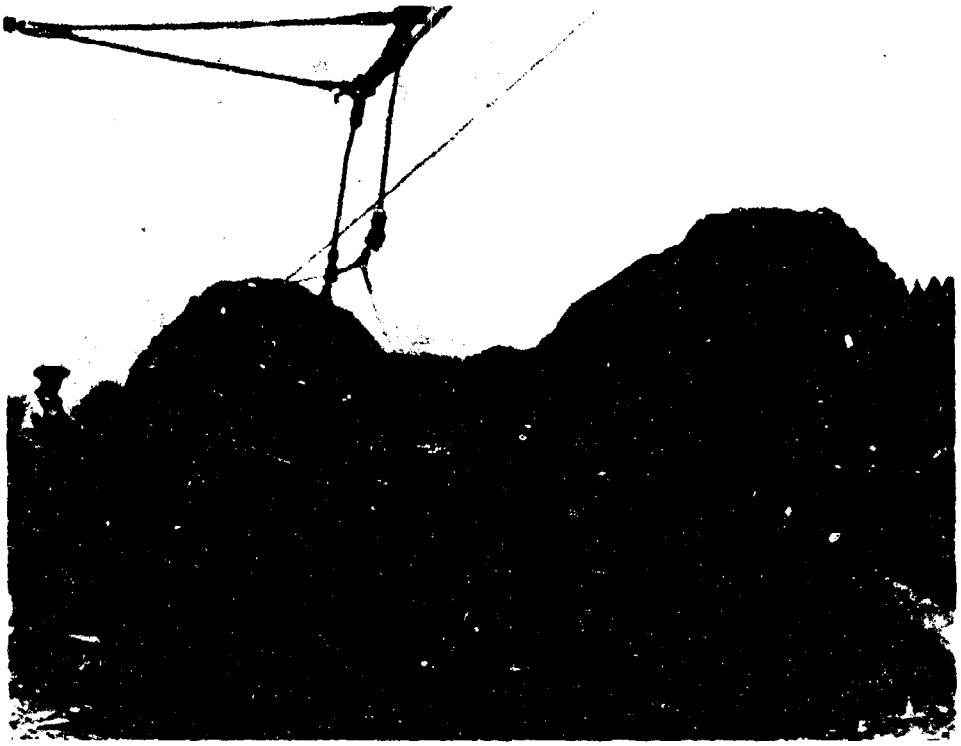
Due to the greed of industry and the gullibility of the people, they always go too far. Who needs a car with a five hundred horse power motor? The larger the motor, the more gas it consumes, and the more it pollutes the air. More money for oil companies.

For many years I have advocated that no natural resources be shipped out of this country, only in exchange for those which we do not have, such as fir for hard woods. There is a difference between education and greedacation. The greedacated don't give a damn about what condition the children will have to live under.

If the logs were cut into lumber here, it would furnish employment and take some men off of welfare. I have discussed this with many people, including businessmen, attorneys, and laborers. Over ninety-five percent agreed with me.

Sincerely,

R. B. HOLLOPETER.



KETCHIKAN, ALASKA, *April 16, 1973.*

Hon. Senator PACKWOOD,
Senate Office Building,
Washington, D.C.

DEAR SENATOR PACKWOOD: I have read with great enthusiasm your bill to ban the export of round logs.

This I consider the right direction, both to save our valuable resources and stop the wanton destruction of our small trees and unwanted species, plus the life of many of our game animals. If Alaska is to realize true wealth from our forests, we must have human people who want to make their homes in the state and not men who fly in, on the days camps open and fly out on the day camps end. When 500 men leave on one day, this proves the statement. These men have no interest in Alaska or in her future. These men have no heart or feeling for Alaska and what happens to our land, so long as they receive the fast money.

I have stood on docks and watched loading of round logs. They are squared but only a small slab cut from four sides. This must be legal, but no wonder a man trying to build a home, can not buy a piece of local lumber. Almost all lumber is shipped in from the lower states.

We have two small saw-mills in our territory, but their problem is that they cannot buy logs because the bigger companies (K.P. Co.) have all sales tied up and all small logging camps are under the thumb of these same companies. Therefore they cannot sell to small saw-mills unless with their permission. This never happens.

Our beaches are full of logs that have been cut and lost from rafts or never rafted. Lost forever and of no value but to become a hindrance to the beauty of our beaches, a hazard to boating and life itself. This wastefulness is what turns people against our system of logging, and will be a case against log exports.

Clear-cutting is also what they want to do, but this is not the answer. With our timber dwindling fast, conservation must come first, no matter the cost. I have been told by small loggers on contracts, who would leave nice large cedar trees standing (because no good for pulp) on logged-off areas, neither in the way or a hindrance, but had to be cut for their seed may bring back a forest not suited for pulp. This shows the strength of these large companies.

The foresters and people always bring up the issue of making work, but there is no work to speak about unless the logs are sawed and processed in Alaska or in the area the trees are produced. If cut into lumber, there could be twice as much work.

This could also be the answer to more people wanting to settle permanently in our state. In closing we must stop the great waste going on and realize our renewable forests cannot renew themselves in 50 years but more like 125 years. This means we cannot pick out the best trees only but must find a use for all timber.

Alaska must be included in this bill with no exceptions. Our land is very fragile, for with our great rainfall, we have real problems with erosion. The top soil of a few inches is washed into the sea and also lost forever. This Alaska in 100 years could be nothing more than a land of barren rocks and little life.

Life cannot sustain on barren land and animals of to-day must have timber for shelter. Shelter from rain, snow, cold, heat and from all storms. This is their home.

Therefore I support your bill.

Sincerely yours,

ORVEL HOLUM.

INTERNATIONAL ORGANIZATION OF MASTERS, MATES & PILOTS,
Seattle, Wash., April 9, 1973.

SENATOR ROBERT PACKWOOD,
Portland, Oreg.

DEAR SENATOR PACKWOOD: Due to a previous priority business commitment, I will be unable to appear as a witness at the hearing before the Subcommittee on International Finance of the Senate Committee on Banking, Housing and Urban Affairs concerning Senate Bill 1033.

I have been directed by the membership comprising the Inland Division of the West Coast & Pacific Region of the International Organization of Masters, Mates

and Pilots to state our opposition to any ban on log exports and in particular from nonfederal lands.

Our membership's primary concern is the loss of jobs that would occur if log exports were banned—the log export industry is practically the sole support of towboat jobs in the smaller Northwest parts.

Respectfully yours,

DAVE A. BOYLE,
Regional Director.

STATEMENT OF E. H. JENKINS, VICE PRESIDENT, INTERNATIONAL PAPER CO.

International Paper Company owns timberlands in the Southern, Eastern and Northeastern states and in the Pacific Northwest. Its business is strongly oriented toward the manufacture of paper and paperboard, but includes conversion facilities for the manufacture of lumber, plywood, particleboard and wood chips as well. This year International Paper Company is celebrating its 75th year in business and during most of these years the Company has exported pulp and paper, lumber and logs, and chips; in short, it has exercised its American heritage of freedom to trade in world as well as domestic markets. It feels strongly that any attempt to retreat into a trading isolationism is counter to the best interests of this nation.

The question of log exports is an emotional one and brings on responses that are not always based on fact. For example, it is said that log exports have caused lumber shortage and high prices. The facts are that an abnormal, short-term demand brought about by Federal government action that in 1970 saw 1.4 million housing starts, in 1971 2.1 million, and in 1972 2.4 million annually which resulted in a lumber shortage and high prices. It is also said that high stumpage prices caused by competition for logs among exporters has resulted in high lumber prices. The facts are that prices in a commodity market, and lumber and plywood are sold in this market environment, react to what economists refer to as a demand-pull relationship rather than to cost-push pressures. In late 1969 and through 1970 there was little demand and less pull on prices. In other words, lumber prices are high when demand exceeds supply and prices are low when supply exceeds demand. Then, it is said, if log exports weren't allowed, logs would become more available for domestic manufacture resulting in the manufacture of these logs into lumber, thus satisfying pent-up demand with lower prices. The facts are that in a short-run situation (two to three years) this just isn't so. With minor exceptions mills on the western slopes of Washington and Oregon are now running at a higher capacity than they have normally run. It is true that new mills could be built; however, what capital intense industry can that is dependent on government edict for all or part of its raw material justify expansion on the wildly ranging market demands that this industry is facing. As short a time ago as 1970 and 1971 log supplies were not as tight but mills were looking at their hole card because profit return on invested capital was inadequate to make sawmilling possible. Currently environment-oriented pressure groups have raised serious doubts that public agencies will be able to make allowable timber supplies available for harvest. This is not a climate that causes operators to commit money to increase saw or lathe capacity. The point is, that banning log exports will not alleviate the current lumber and plywood shortage, nor will it bring down prices for these commodities.

What, then, is the answer to the problem? We recommend that:

1. The United States Forest Service and the Bureau of Land Management be funded on money developed from timber sales to enable them to practice intensive reforestation on all suitable federal lands, and that they be required to implement the high yield forest management practices based on sound economics that have been proved so effective by private timber owners.

2. These agencies should manage the forests based on the recommendation of their foresters and be allowed to implement their long-range harvest plans in a consistent manner free from interference and harassment by pressure groups who are making recommendations based on emotion and not many facts.

3. Require established harvesting plans called allowable cuts to be sold. In 1972 about 2.5 billion feet of timber that could have been sold was not sold. In some regions only 80% of allowable cut was actually put on the market.

4. The concept that timber is a long term crop that requires planting, nurturing and harvesting be recognized by those who are responsible for the manage-

ment of this nation's forest lands. It isn't a sin to cut a tree but it is a sin if the entire cyc' of cutting, planting, managing and marketing is not carried on to achieve t ximum return for the nation's land crop.

The rec endations made here are long-range. This is true because the problems we fa are not subject to short-range and easy solution. A ban on log exports does not address the real problem and will prove to be counter productive in the long run. The ultimate solution depends upon an adequate supply of logs to meet demand pressures. We know how to increase log supply and nothing less than implementation of this knowledge in the form of intensive forest management of federal timberlands administered on a program that will have a greater degree of continuity than has been the past practice will give the desired results.

U.S. Use of Short Supply Export Controls in Peacetime

(By Brian J. Mohler, Economic Analyst, Economics Division)

INTRODUCTION

The Congressional declaration of policy contained in the Export Administration Act of 1969 (Sec. 2, 83 Stat. 841) which provides the current legislative authority for export controls, cites three bases for the control of American exports overseas: for purposes of preserving national security, for furthering foreign policy objectives and for protecting scarce materials which are in short supply in the domestic economy. Historically, peace-time export controls have, to a great extent, been justified for reasons of national security and foreign policy. Only in wartime have export controls been significantly used because of domestic short supply. Short supply controls have, however, been occasionally applied in a peacetime situation and this brief statement will describe and explain these instances.

LEGISLATIVE HISTORY

While current legislative authority for short supply export controls is contained in the Export Administration Act of 1969 which was recently renewed and amended by the Equal Export Opportunity Act of 1972 (Title I of P.L. 412, 92nd Congress), statutory authority for such controls has existed, with only minor revision in form, for over thirty years.

As originally instituted by Congress in July 1940 (54 Stat. 714), the purpose of export controls was to strengthen the national defense through the restriction of exports of basic materials deemed necessary for the allied war effort. Following America's entry into World War II, subsequent legislation (55 Stat. 206, 56 Stat. 463) substantially expanded the scope of export controls until they covered virtually all goods of importance to the war effort, in order to prevent their export to enemy powers as well as to assure a fair distribution of scarce materials among the allied nations.

The wartime controls instituted during World War II were consolidated in the Export Control Act of 1949 (63 Stat. 7) which gave to the President the authority to prohibit or cur ports from the United States and its possessions and authorized him to dele this authority he deemed fit. (Sects. 3(a), 3(b)). This export regulatory authority was delegated to the Secretary of Commerce and is presently administered by the Office of Export Control in the Bureau of East-West Trade.

More specifically, short supply controls were to be used, as stated in the policy declaration of the 1949 Act, only. When it became necessary "to protect the domestic economy from the excessive drain of scarce materials and to reduce the inflationary impact of abnormal foreign demand." [Sec. 2(1)(B)].

In 1969, legislative authority for short supply controls became embodied in a new legislative act, the Export Administration Act of 1969, which provides the current legal framework in this area. While the form of legislative authority was slightly revised in response to the changing requirements of world conditions and the national interest of the United States, the sections dealing with short supply export controls were virtually unchanged from before.

More recently, the scope of such export restrictions was reduced in a renewal of the 1969 Act. The 1949 law had provided that exports of agricultural commodities, including fats and oils, could not be restricted if the supply of that

commodity was determined by the Secretary of Agriculture to be in excess of domestic needs. Title I of the Equal Export Opportunity Act of 1972 (P.L. 412, 92nd Congress) which extends statutory export control authority to June 30, 1974, defines animal hides and skins as an agricultural commodity and thus under the purview of the Secretary of Agriculture.

More specifically, this amendment terminated any short supply controls which had been established on agricultural commodities after July 1, 1972. Since only one commodity category fitted this limited proviso, this section effectively eliminated the short supply export controls on cattle hides which had been imposed by the Office of Export Control, effective July 16, 1972.

TYPES OF SHORT SUPPLY CONTROLS

As mentioned earlier, export controls as administered by the Commerce Department have historically been of three types—"national security," "foreign policy" and "short supply" export controls. Generally, exports from the United States are controlled through a licensing system. There are two types of licenses: 1) a "validated" license is a formal document issued to an exporter by the Commerce Department, based on his signed application. It authorizes the export of specified commodities or technical data within the limitations of the license. This type of license is usually required with regard to short supply export controls; 2) a "general" license is a broad authorization established by the Depart to permit certain exports under specific conditions. Neither the filing of an application by the exporter nor the issuance of a license document by the Office of Export Control is required.

In general the Commerce Department has used five different mechanisms for the control of exports restricted for short supply considerations:

1. *Closed Quota.*—This is the most restrictive type of short supply export control, under which no exports are ordinarily permitted. In peacetime closed quotas have been rarely used, except in cases where commodities are in short supply in the United States. This type of control was occasionally used in the late 1950's when it was exercised in the cases of nickel, gamma globulin, and Salk vaccine exports. Unrefined copper was placed under a closed quota from 1967–1970.

2. *Quantitative Quota.*—For each commodity under this quota a maximum export limit in either unit or dollar value is established periodically (generally on a quarterly basis). While there are no current examples of this means of regulation, it was used during the sixties. Copper and copper scrap, walnut logs and cattlehides are among recent examples of this type of quota.

3. *Restrictive Quotas.*—This is a specialized variation of the above quotas under which license applications require special criteria for approval, such as proof of firm foreign orders, possession of the material by the applicant, qualitative standards, and so on. During the last decade, beet and cane sugar exports, as well as those of nickel and nickel scrap were regulated by this means.

4. *Open-End Quotas.*—This is the least restrictive type of short supply control, and is generally employed as a transition measure for "border-line" commodities that are in potential short supply. While the filing of license applications is required under open-end quotas, no specific quantitative restrictions are imposed, and applications are usually approved, subject however to continual watchfulness against abnormal shipments in an individual application or in aggregate licensing. The essential purpose of the open-end quota device is to provide preshipment licensing control on as current a basis as possible for determining whether more restrictive control is required or de-control is feasible; this is facilitated by the periodic review of all open-end quota commodities to determine such facts as the nature and volume of export transactions, foreign demand trends relative to domestic and foreign supply availabilities, and other substantive aspects of export and domestic supply conditions.

5. *"Surveillance" or "Monitoring" Control.*—Since the late sixties, this type of export control has been most heavily used by the Office of Export Control. In essence, it is a device used to monitor the supply-demand situation of certain commodities, including the amounts exported, through either formal measures such as requiring validated licenses without quantitative restriction, or informally through the submission of weekly or quarterly reports outlining current trends in production and consumption. Three commodities recently monitored in this way were walnut logs, cattle hides and coal and coke.

EARLY IMPLEMENTATION

It has always been the stated policy of the Commerce Department in administering export controls to maintain such controls only to the minimum extent compatible with the purposes first articulated in the Export Control Act of 1949. Consequently, there has been a constant effort to reduce the burden of export controls on the export community and to keep to a minimum Government regulation of industry and commerce.

As a reflection of this policy orientation, the scope of short supply export controls has varied considerably over the years, expanding and contracting in response to changes in domestic material requirements and availabilities. During the immediate post war years after 1945, short supply export controls were progressively relaxed from peak World War II levels as rapidly as economic reconversion demands would permit, and in concert with the gradual disappearance of domestic and worldwide shortages. By the end of 1949, only a handful of "problem" commodities (such as iron and steel scrap, diamond tools, grinding wheels, rice, etc.) still remained under effective short supply export restrictions. By the beginning of the Korean war, security-export controls had expanded to the point where they accounted for the great bulk of export control administrative attention—with short supply controls having been reduced to virtually a stand-by basis.

This trend was quickly and drastically reversed, however, with the beginning of hostilities in Korea in late June 1950. During the height of the material scarcity caused by the expansion of defense production, more than 200 separate commodity groups were maintained under some form of short supply export control.

The gradual and progressive easing of the supply situation resulting from a return to a peacetime situation in 1953, caused a drastic decline in the use of short supply controls during the next years. By the fall of 1954, only eight commodity categories were still restricted and there was a further gradual elimination of this type of export control until the spring of 1959 when the short supply export control on nickel and nickel scrap, the last item to be regulated, was lifted. Not until June 1963 would another commodity be subject to export controls on the basis of short supply. Controls based on foreign policy considerations were predominant.

IMPLEMENTATION SINCE 1963

This section will briefly describe, on an individual commodity category basis, the record of implementation of short supply export controls as administered by the Office of Export Control in the Department of Commerce over the last decade.

Beet and Cane Sugar

On June 27, 1963, beet and cane sugar exports were subjected to short supply controls and placed under validated export license control to all destinations, including Canada. This was a type of restrictive quota since the new regulations indicated that applications for validated licenses in this commodity would generally be limited to past exporters of beet and cane sugar. A quantitative quota was also established. This was the first commodity to be placed under short supply controls since the spring of 1959.

Although the Commerce Department admitted that there was currently an adequate supply of this commodity to cover all domestic consumption requirements, the controls were instituted as a "temporary, precautionary measure" to assure that abnormal foreign demand and higher prices abroad did not lead to an excessive drain of sugar from the United States. This control was intended to assure foreign suppliers that sugar delivered to the United States for domestic consumption would not be resold on world markets.

Since the United States exported relatively small amounts of sugar, on the average of less than 5,000 metric tons annually, the action taken was not expected to have any appreciable effect on domestic and world sugar distribution and supplies, other than to prevent abnormal re-export of U.S. sugar imports. On October 15, 1964, the Commerce Department, after consultation with other U.S. Government departments, lifted the short supply export controls on beet and cane sugar.

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Walnut logs, bolts and hewn lumber

Less than a year after the imposition of short supply controls on sugar exports, the Commerce Department announced on February 14, 1964 that, effective immediately, a quantitative quota would be placed on the exportation of walnut logs in order to protect a rapidly diminishing supply of veneer quality black walnut timber. These controls were allowed to expire a year later since it was decided that

> . . . [E]xport controls are not an effective means to conserve a resource such as walnut when the major part of the demand is domestic rather than foreign, and only voluntary efforts can be relied upon to curt domestic use. We should not try to use exports controls for a job they were not meant to do.[1]

In early 1969, the American Walnut Manufacturers' Association and the Fine Hardwoods Association formally petitioned the Commerce Department to reimpose short supply export controls on walnut logs and veneer due to continued adverse conditions within the industry. Pending the outcome of the department's decision, this commodity was put under surveillance by the Office of Export Control.

In September 1969, an industry-wide survey to determine walnut timber consumption levels of major producers was initiated by the Commerce department since this information was considered necessary for purposes of evaluating the petition for formal export controls. Moreover, the U.S. Government held a public hearing in May 1970 to permit interested parties to express their views on the problems affecting the supply of walnut logs and veneer. After the completion of the investigation, it was decided that formal controls were not warranted in this instance. However, for purposes of monitoring export trends, validated export licenses were to be required. Furthermore, data on the consumption and production of walnut products were also to be collected from domestic sources on a periodic basis. These measures were suspended early in 1973.

Softwood

Domestic softwood lumber and plywood prices rose steadily in 1967. At that time exports to Japan were increasing rapidly. After a close review, however, the Commerce Department concluded that the imposition of quantitative export controls would not be appropriate. As an alternative, various efforts were undertaken, in cooperation with other government agencies and the forest product industry, to attempt to achieve a better balance between exports of logs and of processed wood. For its part, the Japanese Government agreed to encourage increased imports of processed wood. It was hoped that this action, together with other domestic measures being considered, would alleviate the softwood supply situation.

These actions were apparently successful as the close monitoring of softwood log exports ceased after the first quarter of 1970.

Hard Maple

Hard maple exports were briefly watched by the Commerce Department during the second quarter of 1972 at the request of certain domestic consumers of the commodity, including furniture and textile equipment manufacturers. Increased foreign demand and higher prices in hard wood led to this action. As of now, no decision has been made to establish short supply export controls in this case.

Copper and copper products

In the 1950's copper and copper products, including scrap, had been regularly controlled because of the scarcity of domestic supply. On November 19, 1965, the Commerce Department applied quantitative quota controls on this commodity category in order to assure an adequate supply of copper to meet increasing U.S. domestic needs. It was soon decided that much broader controls would be required in order to accomplish their purpose.

Accordingly, on January 20, 1966, the Commerce Department announced the inclusion of several new types of copper for quantiative quota controls. Unrefined copper, including copper ores, concentrates, matte, and blister, were placed under a closed quota.

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[1] Statement of Secretary of Commerce Connor in "Export Control" 71st Quarterly Report (First Quarter, 1965). p. 26.

These measures were reviewed during the summer of 1967 and they were subsequently retained. On September 2, 1970, the Office of Export Control removed all quantitative limitations on copper exports in view of an improvement in both the foreign and domestic supply of copper and copper products. Validated licensing requirements were, however, continued for purposes of maintaining a close surveillance over supply demand developments, including the quantities of copper commodity exported. This monitoring was suspended at the end of 1971.

Nickel and nickel products

Nickel and its products, including nickel scrap had a long history of short supply export control until the late 1950's. The most recent round of nickel export restrictions began in June 1967 when concern developed over the tight domestic supply situation, as reflected in the rapidly increasing volume of license applications for the exportation of nickel-bearing scrap. Accordingly, the Department temporarily discontinued the issuance of export licenses for unwrought nickel and nickel scrap. After consultation with representatives of the nickel industry and further study indicated that the imposition of short supply export quotas would not significantly ease the overall situation, the Office of Export Control announced that these nickel commodities would be subject to special licensing regulations, a form of restrictive quota, which would also allow close monitoring of the supply situation.

The situation remained stable until July, 1969 when the issuance of new export licenses for primary and secondary nickel was discontinued in expectation of a temporary shortage of U.S. nickel supplies following work stoppages in Ontario, Canada. In September, these restrictions were broadened in order to maintain adequate domestic nickel supplies for defense production. On July 27, 1970, the quantitative quota controls imposed during the summer of the previous year were lifted, while a mandatory validated licensing requirement on nickel and nickel products was maintained for the purpose of surveillance. This last regulation was lifted on January 27, 1972. No controls are presently in effect.

Iron and steel scrap

Short supply export controls on iron and steel scrap are not new. Such controls were continuously maintained on a virtual closed quota basis from 1940 through 1949, with exports of moderate amounts allowed to nations historically dependent upon the United States for scrap supplies. From late 1949 until October 1953, iron and steel scrap exports were subjected to quantitative quotas of varying degrees of restrictiveness. After 1953, however, these short supply controls were gradually relaxed until they were totally removed early in 1959.

More recently, in 1970 and 1971, the Office of Export Control put iron and steel scrap, as well as coal and coke, under close scrutiny at the request of domestic consumers. The iron and steel surveillance was discontinued early in 1972, while that of coal and coke ended in early March 1973.

Cattlehides

Early in 1966, the Commerce Department announced that, effective March 7, cattle hides, calf and kip skins, and bovine leathers would be placed under quantitative export quotas. This action had been taken at the behest of the tanning and shoe manufacturing industries who claimed that the steady increase in animal hide exports in late 1965 and early 1966 constituted "abnormal foreign demand" and would result in "serious inflationary impact" upon their industry.

Before the mid-1960's the magnitude of cattlehide exports from the United States had remained relatively constant, but there was a rapid increase in foreign demand from Western Europe, Russia and Czechoslovakia beginning in 1964. This increased pressure for American hides was due to diminished exports from Argentina, traditionally a major exporter of cattle hides, as well as an Eastern bloc policy of increased hide imports to permit greater production of consumer goods. As a result of these complementary market forces, the Department of Commerce projected a domestic shortage of 2.7 million hides in 1966. The imposition of export countries was expected to reduce this deficit to only 200,000 hides.

A public hearing was held in mid-April 1966 at the Commerce Department with regard to these controls. Witnesses were nearly equally divided between proponents of the controls and those who thought them unnecessary. On May 18, it was announced that the short supply controls would be continued and enlarged.

Six months later, however, in early November 1966, these export restrictions were lifted. Strong Congressional pressure, primarily from members representing states in which cattle-raising is a major industry, was significant in this regard. It was claimed that these export limitations were ineffectual, for not only had the controls failed to halt the rise in the price of shoes and other leather products; they threatened to lose for the United States significant hide export markets for the near future.

The latest example of short supply export controls on cattlehides came in mid-July 1972, when the Office of Export Control announced their reimposition at the request of the tanning and shoe manufacturing industries. This action was taken in view of several market factors and only after the most exhaustive inquiry.

The most significant argument for this reimposition had been the recent rapid increase in the price of cattlehides. Hide prices had previously remained relatively stable until 1970, but in the next two years, the price doubled. This increase was primarily due to hide export restrictions imposed by Argentina. With the deterioration of their chief source of supply, foreign importers turned to the United States for their hide requirements, causing an inflated market price as well as a severe domestic shortage. According to Congressman Robert Drinan of Massachusetts, this situation would cause the price of shoes in the United States to increase "between $1–$4 per pair, depending on size and construction." This was bad news for American shoe manufacturers who, even under the best market conditions, were finding it difficult to remain competitive with foreign producers who had advantages in production costs.[2]

Despite the arguments of Congressman Drinan, Senator Muskie of Maine and others who represent New England where shoe manufacturing is predominant, there was strong Congressional opposition to short supply export controls on hides, led by members from cattle-producing states. Senator Curtis of Nebraska and Congressman Gonzales of Texas both introduced identical amendments to Title I of the Equal Export Opportunity Act of 1972 (P.L. 412, 92nd Congress), nullifying by law the execution of the cattlehide export restrictions which had been imposed on July 16, 1972. Senator Curtis and others contended that these export controls would hurt cattle producers by lowering the price of hides and by damaging their export markets. Several members claimed the previous experience with such controls in 1965-1966 had shown them as unsuccessful "with calamitous results," while others sail that lower hide prices abroad would lead to higher beef prices at home, since the cattle producer would try to make good his losses through pressure on the consumer.

On August 29, 1972, the Act including this amendment was approved and short supply controls on cattlehide exports were immediately lifted. The Office of Export Control maintained close surveillance on this commodity until late 1972.

A classic Study in Short Supply Controls Poliomyelitis (Salk) vaccine

Poliomyelitis (Salk) vaccine was removed from short supply export controls in November 1958. It had been added on April 13, 1955, less than 24 hours after it had been certified for use in the U.S. There was every reason to expect that demand for the vaccine would exceed supply for some time to come. The Poliomyelitis Vaccine Assistance Act [69 Stat. 704] passed by Congress shortly after the vaccine was released for use strictly controlled vaccine distribution and provided for domestic requirements of 195 million CCS. Total production at that time amounted to about 14 million CCS.

Foreign demand, as had been expected, was enormous. Applications for export licenses received by the Commerce Department during the first weeks of the control period amounted to over 8 million CCS, but no quota for the export of the vaccine was established for over a year, until August 1956.

By that time the supply-demand situation had improved. Sufficient vaccine had been produced (approximately 85 million CCS) to meet a sizable portion of domestic demand. It was therefore felt advisable to terminate the Federal system of allocation and to release the vaccine through normal distribution channels. At the same time, a quantitative export quota of 1 million CCS was established for the remainder of the third quarter of 1956. Until the suspension of export controls two years later, this quota fluctuated between 3 and 7 million CCS per quarter.

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[2] Congressional Record, Aug. 3, 1972 (daily record), E7184.

This amount was not adequate to take care of the foreign demand as indicated by export license applications filed with the Commerce Department. Accordingly, licenses were issued for export abroad only for Government-sponsored immunization programs having the endorsement of the Ministry of Helath of the importing country. Another factor taken into consideration in licensing was the rate of incidence of polio in a particular country. It was felt that [illegible] on these bases would insure an equitable distribution of the vaccine among children in the high incidence age groups irrespective of their economic status.

Following U.S. exports of the Salk vaccine, the incidence of polio dropped sharply in many countries. For example, the incidence of polio in Panama fell from 10.7 cases per 100,000 population in 1956 to 0.5 cases in 1957; in Argentina the incidence dropped from 33.4 cases per 100,000 population to 3.9 cases the following year; while in Norway during the same period, it dropped from a five year average (1949 through 1953) of 30.7 per 100,000 population to 3.2 in 1956.

Gradually, U.S. supplies of the vaccine grew until by late 1958, they were deemed ample enough to meet anticipated domestic and foreign demand and the export of Salk vaccine was consequently decontrolled.

LEONARD B. NETZORG,
Portland, Oreg., November 2, 1967.

My opinion has been requested as to whether the Congress may constitutionally enact legislation that would directly limit the export to foreign nations of softwood logs.

Any such legislation presumably would have a number of purposes. Community stability is traditionally a matter of Congressional concern in legislation relating to the disposal of Federal timber (43 USC 1181b; 16 USC 583). Full employment is another obvious purpose in support of a basic domestic policy of the Congress (16 USC 1021). Protection of small business in the interest of the economic well being of the Nation is still another basic Congressional policy (15 USC 631) that would be promoted by such legislation.

A further purpose of the legislation is quite directly related to national security and the national defense. In this age, security and defense are locked into the productive industrial capacity of the nation. One need only recall how in World War II the industrial capacity of the United Statese functioned as "the arsenal of democracy", how the contending nations sought the destruction of each other's industry as a key to victory. More immediately, the limited military activity in which the nation is now involved has caused the Department of Defense to step up its annual domestic lumber procurement to about two billion board feet. The lumber manufacturing capacity of the United States, then, is an important ingredient in our national security.

It is my opinion that the Congress does possess the power to limit the export of logs.

The most relevant constitutional clauses are as follows:

"The Congress shall have power—* * *

"To regulate Commerce with foreign nations * * *" (Article 1, Section 8, Clause 3).

* * * * * * *

"No Tax or Duty shall be laid on Articles exported from any State." (Article 1, Section 9, Clause 5).

Direct limitations and prohibitions on exports, not accompanied by taxes on exportation, dot the entire history of the United States. The Act of June 4, 1794, (1 Stat. 372) authorized President Washington whenever in his opinion the public safety so required, to lay an embargo on all ships and vessels in the ports of the United States or upon ships and vessels of the United States or of any foreign nation under such regulations as the circumstances of the case in the judgment of the President might require, provided, however, that the President was not to exercise this power while the Congress was in session.

By the Resolution of Congress approved March 26, 1794 (1 Stat. 400) a 30 day embargo was imposed on all ships (except those under the direction of President Washington) to all foreign ports; and on April 18, 1794, this embargo was continued for a further period of time (1 Stat. 401). The Resolution of April 2,

1794 (1 Stat. 400) apparently sought to plug loopholes in the embargo by requiring intercoastal shipping to furnish bond to unload cargo in the United States. The Resolution of May 7, 1794, relaxed the general embargo with respect to cargo from the United States bound for any port beyond the Cape of Good Hope (1 Stat. 401).

Domestic scarcity of certain materials was the object of Congressional concern as early as 1794. By the Act of May 22, 1794 (1 Stat. 589) Congress embargoed the export of enumerated classes of arms, including the types apparently used by settlers for food and defense, and for the stated purpose of relieving the scarcity in the same Act relaxed the tariffs imposed on these items.

The foregoing illustrates that almost contemporaneously with the adoption of the Constitution, the Congress and the President understood that the Constitution did confer upon the Congress the power to limit or prohibit exports. All the foregoing legislation was signed by President Washington, who served in the Constitutional Convention both as a Deputy from Virginia and as the President of the Constitutional Convention. Others who participated in the drafting of the Constitution were members of the Congress. As the Supreme Court has recognized, this is incontrovertible evidence of the understanding of the framers of the Constitution that Congress has the power to limit or prohibit the export of materials:

"* * * This Court has repeatedly laid down the principle that a contemporaneous legislative exposition of the Constitution when the founders of our Government and framers of our Constitution were actively participating in public affairs, long acquiesced in, fixes the construction to be given to its provisions." *Myers* v. *United States*, 272 US 52, 175 and cases cited; *Hampton & Co.*, v. *United States*, 276 US 394, 411, 412 (1927)).

Subsequent illustrations of the use of this power come to mind. In the administration of President Thomas Jefferson the Embargo Act of 1807 forbade all exports to Europe; after 2 years this was repealed and substituted for it was the Non-Intercourse Act which prohibited trade with England and France while permitting it with the rest of Europe (Beard, The Rise of American Civilization, Vol. 1, p. 406, The Macmillan Co., New York, 1930). In time of war, of course, various prohibitions on exports have been the pattern. And during the 1930s when the nation was not at war a neutrality act was passed prohibiting the shipment of arms to foreign nations in specified circumstances.

More recent domestic situations, too, have occasioned prohibitions and limitations on exports. Acting under the provisions of the Act of October 6, 1917, as amended by the Act of March 9, 1933 (12 USC 95a) President Franklin Roosevelt barred the export of gold coin, gold bullion and gold certificates except as licensed by the Secretary of the Treasury (Executive Order No. 6260, August 28, 1933, 12 USC 95a, note). Acting under the same authority and to relieve an emergency in banking, President Roosevelt issued a further order prohibiting the export of currency or silver coin except as licensed by the Secretary of the Treasury (Executive Order No. 6560, January 15, 1934, 12 USC 95a). Exportation of natural gas was prohibited by the Act of June 21, 1938, except as an application to export might be obtained (15 USC 717b).

The Export Control Act of 1949 (50 USC App. 2021–2023), which was in large measure reenacted and reaffirmed by the Act of July 1, 1962 (76 Stat. 127) authorizes the President to prohibit or curtail the exportation from the United States of articles, materials and supplies in order, among other matters, to protect the domestic economy from the excessive drain of scarce materials, to reduce the inflationary impact of abnormal foreign demand, and to exercise the necessary vigilance over exports from the standpoint of their significance to the national security. Acting under this authority the Executive Branch has curtailed or otherwise limited the export of such commodities as cattle hides, walnut logs, polio vaccine, influenza vaccine, copper and aluminum in various forms, sugar and others.

But where the Congress has sought to impose a tax on the process of exportation, the Supreme Court on three occasions has struck down the Act as violative of Article 1, Section 9 of the Constitution, which prohibits the imposition of a tax or duty on exports. The first case involved a stamp tax on an export bill of lading (*Fairbank* v. *United States*, 181 US 283 (1901)); the second a stamp tax on charter parties exclusively for the carriage of cargo from the United States to foreign ports (*United States* v. ———, 237 US 1 (1915)); and the third a tax on export cargo insurance (*Thames & Hersey Marine Ins.*

Co., Ltd., v. *United States*, 237 US 19 (1915)). Each of these cases, it is emphasized, involved the imposition of a tax on an essential process in exportation. None of these cases involved a simple, direct prohibition or limitation, divorced from a tax, on the export of materials.

A student comment in Volume 76 of the Yale Law Journal, at page 200, seeks to argue that the provisions of the Export Control Act of 1949 that permit direct limitations on exports to alleviate domestic scarcity contravene the constitutional prohibition against the imposition of a tax or duty on exports. The gist of the argument seems to be that the founding fathers, in barring a tax or duty on exports, intended to bar all limitations on exports except as related to the war powers or the conduct of foreign relations, or except as might be accomplished through a formal treaty. Support for this position is said to come from the proposition that the founding fathers were familiar with taxes and duties on exports as related to domestic purposes but not familiar with direct limitations as used in the Export Control Act of 1949 to relieve domestic scarcities. In essence it is argued that if the founding fathers had been able to foresee the possibility of export controls pegged to domestic scarcities, they would have used broader prohibitory language than the phrase "Tax or Duty" that is actually found in the Constitution.

This ascribes to the founding fathers a capacity to deal with foreign commerce that was singularly unprophetic and unlearned in view of the fact that foreign commerce was the life blood of several of the states both during their colonial existence and as members of the Confederation. It also seems to overlook the legislation enacted in President Washington's administration that prohibited the exportation of various classes of arms for the stated purpose of relieving a domestic scarcity (Act of May 22, 1794; 1 Stat. 369).

Nor does it seem proper to assert that while the Constitutional Convention was sitting, its members were unfamiliar with burdens other than taxes and duties on exports. For decades before the Revolution the Navigation Laws of mercantile England has been provocative of controversy. Truly those laws were a burden on the ability freely to export. And they were aimed at promoting Britain's domestic economy. Throughout the Constitutional Convention Edmund Randolph, among others, sought a provision that navigation acts should require a ⅔ vote of both Houses of Congress. Although Randolph's view was recommended by subsidiary committees of the Convention, this provision was finally deleted after floor debate by the full Convention (Farrand, The Framing of the Constitution, pp. 132, 150, 151; Yale University Press, New Haven, 1913).

This was no minor or incidental matter. When the work of the Constitutional Convention was concluded Randolph and George Mason declined to sign the document because they "* * * were so disturbed at the power given to Congress to regulate commerce by a simple majority of votes" (Fisk, The Critical Period of American History, pp. 303, 304, 335, 336; Houghton, Mifflin & Co., Boston and New York, 1899). These circumstances suggest that the founding fathers picked their words carefully and precisely and they barred a "tax or duty" on exports but went no farther in restraining congressional control over exports. And the long history of enactments limiting or prohibiting exports, commencing with the administration of George Washington, seems to demonstrate a continuing national understanding of the powers of the Congress in this regard.

A subsidiary constitutional question is raised with respect to the impairment of contracts. The factual situation assumes that an exporter may have a long term contract for the export of materials and that during the term of this contract the Congress might so curtail the export of such materials as to force this contract to be dishonored; it is asked whether the power of Congress is so pervasive as to bar the export of the material in question in the face of a subsisting contract made in good faith.

The constitutional prohibition against the impairment of contracts is a limitation placed upon the states and not upon the national government.

"No State shall * * * pass any * * * Law impairing the Obligation of Contracts * * *". (Art. 1, Sec. 10).

In any event, the Congressional power to regulate commerce has been expressly held to include the power to prohibit such commerce (*Weber* v. *Freed*, 239 U.S. 325, 329 (1915); *Brolan* v. *United States*, 236 U.S. 216 (1915); *Buttfielde* v. *Stranahan*, 192 U.S. 470 (1903). Agreements concerning commerce that is subject to the control of the Congress are deemed to have been made upon the basis and with the understanding that changes in the law applicable thereto

may be made. Prior private contracts are necessarily subject to and cannot control the paramount Congressional authority over commerce (*Philadelphia B & W R Co.* v. *Schubert*, 224 U.S. 603, 613–615 (1912) and cases cited therein).

The foregoing discussion has made no distinction between public property and private property. The reason for this is that the commerce clause of the Constitution enables the Congress to limit or prohibit the export of materials by any means other than a tax or duty, regardless of whether the materials involved are public property or private property. And legislation, starting with the Washington administration, has been enacted and applied accordingly.

In the case of public property, of course, the power of Congress finds further support in the second paragraph of Sec. 3 of Article IV of the Constitution:

"The Congress shall have power to dispose of and make all needful rules and regulations respecting the * * * property belonging to the United States; * * *.

The power of Congress with respect to the disposition of public property and the conditions it may impose thereon, including conditions as to use, resale and ultimate disposition by the Government's grantee or vendee, has been held to be complete (*United States* v. *City and County of San Francisco*, 310 U.S. 16, 29, 30 (1939)). Hence, a prohibition or limitation upon the export of logs derived from Federal timber has additional constitutional support.

It is my opinion, therefore, that the Congress may constitutionally limit or prohibit the export of logs from the United States if the prohibition or limitation is not accompanied by a tax or duty. Any such legislation would be strengthened against attack if the Congress were to state as the purpose of the legislation not only community stability, full employment, and aid to small business but were to declare its opinion that the maintenance of the industrial capacity of the United States to manufacture lumber, plywood, pulp, paper and other materials from wood is essential to the national security and defense.

Respectfully,

LEONARD NETZORG.

STATEMENT OF LYLE MCDONALD, GENERAL MANAGER, LINNTON PLYWOOD ASSOCIATION

My name is Lyle McDonald and I represent Linnton Plywood Association located here in Portland, Oregon. I am the general manger of Linnton Plywood Association. My job is unique in the industry because I am the only manager who is a share owner in a worker owned cooperative plywood plant.

I am very much concerned with the exporting of logs. It should be stopped totally. We use only 30 million feet a year in our plant but we are totally dependent on Federal, State and private timber. We must purchase approximately 45 million feet year in order to get the 30 million suitable for peeling veneer. In no way can we pay $417.00 per thousand and make plywood unless the Federal Government subsidizes our operation and I am sure they won't do that.

There has been quite a bit of publicity about the lumber and plywood mills producing at capacity and most of them are this is true, but the number of plywood plants and saw mills that have fell by the wayside over the past 20 years because of lack of raw materials is overwhelming. If the allowable cut had been sold each year, I am confident a great number of these mills would still be operating today. We would be able to produce more but the timber crunch would still be here because of the exporting of the raw material would not have changed.

In the lumber and plywood business we have been hearing about the population increasing. I think the term used so often was "war babies" or "home makers", that there was going to be a building boom, I can't recall how many times I have either read this in the newspaper or heard about it on the news, but over the past years it has been quite a few times. The point I would like to bring out is the Government should have known about this and planned ahead. They didn't plan well enough and this is the mess we are faced with today. Shortage of raw material, shortage of finished material and high prices for both.

We at Linnton Plywood have a total of 206 people on our permanent payroll. These people for the most part have families to support. We also employ loggers, truckers, log scalers, tug boats. We ship both by rail and truck. If we are forced to close our operation because of lack of raw materials I am confident it will be felt very much in this community.

Once again I will state we are totally dependent on Federal, State and private timber, and if we have to continue to compete with the exporters on bidding for timber we are waging a battle that we cannot win, because the public cannot continue to pay the prices that have to be charged for the finished product. We are concerned about today and today's prices, but what matters most is tomorrow and next year. We operate on logs today that were bought two years ago and we are unable to compete to purchase timber today that will be used a year from now. We desperately need help now, today, this year. All a small company can say Senator is help!!!

L. P. LANE PLYWOOD, INC.,
Eugene, Oreg., March 21, 1973.

Mr. EDWARD P. KEMP,
Professional Staff Member, Subcommittee on International Finance, Dirksen Senate Office Building, Washington, D.C.

DEAR MR. KEMP: Thank you for the opportunity to present our statement concerning log exports. Our company produces approximately 14 million square feet (⅜ basis) of softwood plywood per month. With all of this production coming from just one mill, we would be classed as a large operation. However, since we operate only the one plant, overall Lane Plywood would be considered a small or medium producer. We employ nearly 500 people and many of our employees are stockholders. We are dependent almost entirely upon federal timber sales for our log supply.

Timber has been in short supply in our area for a number of years. This is evidenced by the spirited competition at the bidding table. There have been very few periods during the last few years that timber in our area was selling at or near the appraised prices. Historically, whenever lumber and plywood prices were on the rise, timber generally sold at substantial premiums over the appraised prices. As you know, as of now we are experiencing one of these periods of exceptionally strong demand and rising prices for lumber and plywood. This strong market for our product, alone, would have stimulated runaway timber and log prices. As if these pressures exerted on the limited timber and long supply were not enough, huge quantities of logs have been and are still being exported to Japan. Consequently, we have seen the prices paid for some timber sales in our area increase by as much as $100 per thousand board feet within a period of just a few months.

Some of the proponents of log exports have claimed that the current shortage of wood products was attributable to inadequate production facilities, that an increase in the log supply would not result in any additional production. We do not believe these claims are entirely true because we have known of mills which were out of logs and other mills which could have added another shift of production if they had an increased log supply. Admittedly, our company is presently operating at capacity and a short term increase in our log supply would not cause us to increase production. However, we could and would increase our peeling production if we had some assurance of a continuing log supply to sustain the additional production. Presently we have sufficient logs and timber under contract to operate approximately one year. In the face of a diminishing supply of timber available to replace the timber we are now cutting, it would make no economic sense for us to increase our log requirements. There is considerable question whether we will be able to obtain sufficient logs to sustain our operation at the present level.

The short term or immediate effect of log exports is in focus at the present time because of the high prices prevailing for wood products. However, I believe the long term considerations are more important and should be studied carefully. In the process of supplying logs to the Japanese and supplying our expanding domestic requirements, we are encouraging overcutting of private lands. This is especially true in the case of small companies and other small ownerships in the Pacific Coast area. In many cases the tremendously high prices offered by the Japanese have caused young timberstands to be cut at the peak of their growing efficiency. As these private stands are depleted, the operators cutting them will be turning to public timber for their supply.

In summary, in order to supply our immediate and long term domestic needs, we believe there should be an immediate and complete ban of the export of logs from public lands, unless there is a surplus of logs for domestic needs. In addi-

tion, in order to make such a ban effective and enforceable, the ban on log exports from public lands should be coupled with a strong substitution rule, to prohibit the purchase of public timber by anyone who exports logs from any source. In addition, some controls should be placed upon the export of logs from private lands unless such logs are declared surplus to domestic needs.

Yours very truly,

NATHAN W. COLEMAN,
President.

LOG TRUCKERS CONFERENCE,
Seattle, Wash., April 13, 1973.

Hon. ROBERT PACKWOOD,
U.S. Senator from Oregon, Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR PACKWOOD: We are enclosing a copy of the resolution passed by the members of this Conference at the annual meeting held in Yakima, Washington on April 1, 1973.

The Conference is composed of 710 members, all engaged in the hauling of logs or a combination of both hauling and logging.

We trust that you, as well as your committee will consider this resolution and place it in the record of the hearings.

Yours very truly

DEL GOTT,
President.

RESOLUTION

Whereas, U.S. Senate Bill 1033 is now before the Federal Congress for consideration, and

Whereas, the effects of the conditions contained in Senate Bill 1033 would seriously affect the jobs and earnings of some 4,000 loggers and log truckers in the State of Washington, and

Whereas, the economic stability of the industry and of the general Northwest economy would greatly suffer, and

Whereas, we sincerely believe that the banning of export of logs would not tend to increase the supply of logs available for domestic use, nor would this banning of exporting logs tend to lower lumber prices, now, therefore be it

Resolved, That the members assembled at the twenty-first annual meeting of the Log Truckers Conference held at Yakima, Washington on April 1, 1973 go on record as opposing the passage of Senate Bill 1033 and that a copy of this Resolution be forwarded to Senator Robert Packwood.

LONGVIEW CHAMBER OF COMMERCE,
Longview, Wash., March 21, 1973.

Hon. JULIA BUTLER HANSEN,
Cannon House Office Building,
Washington, D.C.

DEAR MRS. HANSEN: The primary concern discussed in the Longview Chamber of Commerce State and National Affairs Committee on March 13 was the Packwood Bill, proposing a ban on export of logs.

There were seven concerns expressed:

1. The greater problem to country is firming up the dollar on foreign markets to establish a favorable balance of trade. Ban of Log Exports would not do this.

2. A Ban of Log Exports is "Brush Fire-Fighting" and would only be temporary at best. Such markets have lasted from 18 months to two years. By the time a ban could start, market conditions will have changed

3. In this day of anti-discrimination, a Congress should not discriminate against a state, particularly when this discrimination isn't beneficial to the rest of the country. The State of Washington is supplying 82% of the export logs.

4. It is our belief that a Ban on Log Exports will not increase the supply to the rest of the United States. When we are importing three times our export (2.7 Billion board feet exporated from the United States and 9 Billion imported from Canada) and with the proposed tougher U.S. restrictions, what is there to say

that Canada won't turn away from supplying the northeastern part of the U.S. for the more lucrative export markets in other areas of the world?

5. We don't believe a Ban on Log Exports will affect the cost of supply of lumber to domestic markets. This will more than be offset by transportation costs to the northeast United States.

6. The supply problem can only be solved by building modern, more efficient mills, which would take three years to accomplish. The foreign markets could furnish the capital allowing companies to do this.

7. We don't believe price controls can be effective when the price of lumber is established by the demand of the market. If companies can't say this is what our product is worth, how can Congress successfully accomplish the job? Politically, it would be harder still. They would have to say who gets lumber and who doesn't; this would be impossible to fairly administer, and set up still another cost of government.

The benefits to the United States will be greatest in the long run if we allow the present market prices to cool off as the demands are satisfied.

Sincerely,

D. Murray Mason, Weyerhaeuser Co.; Hal Boyd, Cascade Natural Gas Corp.; Jean Bridges, Manchester Home & Auto Supply; Bruce Davis, Credit Bureau of Cowlitz County; R. L. Robinson, Pioneer National Title Insurance Co.; Hugh Underwood, Nelson-Ball Paper Products, Inc.; Bob Miller, International Paper Co.; Hal Horne, Longview YMCA; George Schwartz, Longview Fibre Co.; Gary O'Rielly, International Paper Co.; Doug Stansbery, Jr., Longview Chamber of Commerce.

LOUISIANA-PACIFIC CORP.,
March 22, 1973.

Mr. EDWARD P. KEMP,
Professional Staff Member, Subcommittee on International Finance, Dirksen Senate Office Building, Washington, D.C.

DEAR MR. KEMP: Per your request, I submit the following:

Historically, the wood products industry has been cyclical. I have been associated with the wood products industry since 1952, and I have seen prices on Douglas Fir stumpage, as an example, escalate from $1.50 to current prices of as much as $153.00. This has taken place in a two county area in Northern California.

At the same time, I have seen prices go from $58.00 per thousand board feet to current levels of $200.00 per thousand board feet for the same grade and size of dimension Douglas Fir lumber. In that same period of time, wages on a common labor job in the lumber industry have gone from $1.70 per hour to $3.60 per hour.

During 1969, we had swings in the lumber market of $70.00 per thousand board feet up to $145.00 per thousand board feet for identical items.

The wood products industry has always been a feast or famine situation for the timber owner, manufacturer, the wholesaler and the retailer. As everyone is aware, the housing market is governed almost entirely by swings in the prime rate of interest. When interest rates are down and money is readily available, the building industry gears up and one of two things happens. Either housing becomes surplus due to overbuilding and the vacancy rate goes up, or the prime rate goes up and builders no longer feel they can afford to speculate on houses because the public is highly sensitive when it comes to making a long-term commitment on a mortgage with an interest rate of 9% or more.

The current crisis, if it can be called that, was brought about by several things in my opinion. Number one, in late '69 and '70, we saw interest rates escalate appreciably. In '71, interest rates went down and housing starts went up. Toward the end of the year, the President enacted price controls. I feel that price controls on any item have a psychological effect on the public just as rationing did during World War II. Make any product just a little difficult to get and immediately everybody has a need for that item.

Because of price controls, and because of a housing boom, we had a greater demand than we had supply. This fact prompted a black market, if you will, in lumber similar to that which was experienced during World War II, in all commodities.

Along with these easily substantiated market facts, we had the ecological and environmental movement pushing the opposite direction against public timber

held by agencies such as the Department of Agriculture, the Bureau of Indian Affairs, the Bureau of Land Management, etc. This group was advocating that we return all lands to a wilderness state, we stop the harvest on all forests and, because their voices were heard, the Forest Service and other public land agencies who are so vital to the needs of the American public in the harvest of wood products, pulled their heads in like a snail in a shell, and re-grouped their thinking.

Again, facts that are public knowledge will show that the annual allowable cut on the forests under the U.S. Department of Agriculture's jurisdiction has not been met. This problem, coupled with profit controls on manufacturing concerns, actually cut back on needed forest products thereby further increasing the demand.

Any capitalistic society is geared to profit. Obviously, under a price control situation we, as manufacturers, are going to use our wits to best advantage in order to maximize our profits. When we are offered the opportunity of shipping export at $200.00, w' should we ship domestic at a $150.00 ceiling? This, again, makes the demand for lumber that much more critical in our own country.

I believe that certain things can be done to alleviate the current situation. A forceful program should be initiated to harvest all dead and dying timber on our public forests, regardless of its location. This dead and dying timber is a wanton waste, and certainly I think everyone would agree that a freshly logged forest, even though it may not be appealing, is certainly more appealing than a forest of dead trees.

We should make available all the timber the annual allowable cut can sustain, and see that it is harvested in a timely fashion. There is adequate installed capacity to handle the need for wood products in this country, if that installed capacity has a raw product with which to operate.

These two facts alone, along with our present export restriction, would enable the industry, as it is today, to supply the needs, plus volumes that are now being exported. When the supply is equal to or in excess of the demand, prices will stabilize or drop and stabilize.

Certainly, if the recent increase in the prime rate is indicative of things to come, within six to nine months there will be a surplus of wood products in the marketplace, and prices will, in all probability, be reduced by 25–50% of their present levels.

An export restriction, of the type proposed on logs, will be no solution to the problem by itself. The countries buying our logs will only turn to buying our lumber. Needless to say, this is not a solution to the problem.

Again I reiterate, make a concentrated effort to harvest all the dead and dying timber, make a concentrated effort to see that the annual allowable harvest on the public forests is met every year and restrict those mills buying public timber to hold not more than two years of their production needs of public timber under contract at any one time.

Sincerely,

LEE C. SIMPSON,
Vice President,
Western Sawmill Division.

STATEMENT OF LOUISIANA-PACIFIC CORP.

Louisiana-Pacific Corporation is a new company which started to lead its independent existence on January 5, 1973. The new company was formed with assets which were spun out of Georgia-Pacific Corporation as a consequence of a settlement of a divestiture action brought by the Federal Trade Commission against Georgia-Pacific.

Louisiana-Pacific Corporation is headquartered in Portland, Oregon. It has 60 plants and mill locations, employing approximately 6,200, located in the States of Alaska, California, Idaho, Louisiana, Montana, Ohio, Oregon, Texas and Washington. The principal products manufactured by Louisiana-Pacific Corporation are softwood lumber and plywood, particleboard, pulp, and doors and windows. When the production of Ketchikan Spruce Mills is included, in which Louisiana-Pacific Corporation owns a half interest, we are the second largest lumber producer in the United States.

Although Louisiana-Pacific Corporation owns over 500,000 acres of commercial timberland and has cutting rights to substantial volumes of timber on other

private land, many of the company's operations, particularly in the western states, are heavily dependent on the purchase of timber from the national forests. We are thus concerned about utilization of timber off the national forests. But we also are vitally concerned about issues affecting the total timber supply picture in the United States.

The pressure for a ban on export of round logs comes at the present time because of a coincidence in high demand for wood products in both the United States and Japan as a result of record levels of housing starts in both countries. The shortage in log supply which has resulted and which in turn has caused both log and stumpage prices to escalate markedly is, we predict, a phenomenon which will be repeated periodically in the years to come. The current flap is the second one of its kind within the last five years. Unless the United States postures itself to deal effectively with recurring peaks of high demand for wood products, we are doomed to grapple repeatedly and ineffectively with the same basic problem over and over again. It is quite unlikely that we have seen the peak in Japan's capability to require logs for its own domestic wood uses. The backlog of unmet housing needs in Japan is proportionately larger than the similar backlog in this country.

We think there are two basic solutions to the recurring problem of wood product and stumpage prices. The first of these is to require primary manufacture of logs produced in the United States. The other is to fund the management of the national forests so that timber harvest from those forests can contribute to the full level of their potential in meeting the wood needs of humanity. The national forests have been and are being undermanaged. In recent years, they have been contributing 10 to 12 billion board feet per year to wood consumption needs. They have the capability of producing as much as 20 billion board feet or more. In order to make a contribution in that magnitude, however, investments must be made in road construction, reforestation and silvicultural practices, principally thinning. There is no need to sacrifice other benefits derivable from the national forests. Grazing, wildlife management, water shed protection and recreation all can continue to be derived from the national forests in increased amounts with an adequate funded program for the use and enjoyment of the national forests.

Two of the most immediate potential capabilities of the national forests for contributing increased amounts to timber supplies are the harvest of natural mortality and reforestation of inadequately stocked lands. Estimates of volumes lost on the national forests alone each year run as high as 10 billion board feet. In the Pacific Northwest, the estimate is in excess of 2 billion board feet annually.

There are several million acres of national forest lands which are inadequately stocked with growing trees primarily as a result of epidemic bug kill in past years or as the aftermath of wildfire. The planting of this vast acreage would greatly increase the storehouse capabilities of the national forests and would allow immediate greater harvests of timber standing on the national forests, particularly that which is over-mature and stagnant.

Thus, Louisiana-Pacific strongly advocates and supports a properly conceived and fully funded management program for the national forests designed to achieve maximum production of the products which the national forests are capable of providing. If the national forests were presently contributing to the full extent of their capabilities, it is unlikely that there would as yet have been any pressure for the banning of round log exports. To us it makes no economic sense to restrict utilization of timber in any form when there is so very much timber potentially available. Nevertheless, there are some other complexities which would seem to make advisable early adoption of a total ban on log exports and of a requirement for primary manufacture of logs into some processed form before permitting export of the product.

Louisiana-Pacific Corporation favors and supports the concept of a ban on export of logs originating from both public and private lands. One situation justifying an exception to a total ban on log exports would be a catastrophe in the nature of the Columbus Day 1962 storm which blew down an estimated 17 billion board feet of timber on forest lands in the Pacific Northwest and northwestern California. When a catastrophe of that magnitude occurs, the export of logs should be permitted in order to prevent the market price for logs from dropping to a point so low as to remove incentive for salvaging down or damaged timber in more remote areas.

The company's position with respect to log exports is premised on our belief that world demand for softwood and softwood products is going to increase dramatically over the next 30 years at least. The world's softwood supplies grow primarily in the northern hemisphere. North America has great quantities of softwood and has tremendous capabilities for growing that commodity. A very large portion of the comparatively accessible softwood is in the United States.

Japan, as one of the world's preeminent industrial nations, has and will continue to have tremendous demands for softwood which it cannot supply from its own limited sources. If those demands are to be met, it must look abroad for its wood supply. Japan has been doing this increasingly for the last ten years. The Pacific Coast states, particularly Washington, have increasingly during that time supplied logs to Japan. Japan has during that time also purchased logs from Russia and has further supplemented its needs for softwoods by the purchase of lumber from both Alaka and British Columbia, from both of which places the export of round logs is prohibited by law. Japan has also been meeting its needs for softwood fiber by increasing purchases of wood chips on the west coast.

Louisiana-Pacific Corporation is convinced that if Japan could no longer purchase softwood round logs, it would continue to meet its demands for wood products by the purchase of products in processed form. If we thought that the prohibition of logs exports would substantially reduce, over the long term, trade between the United States and Japan in the form of wood products, we would not favor a total ban on log export. Trade between nations occurs only because each has something that the other would like to have. The growing imbalance of payments between the United States and Japan in favor of Japan is irrefutable evidence that Japan has a great many products which Americans want. In order to pay for those products, America must be ready to offer to Japan products which that country requires.

We would expect that if Japan were no longer able to purchase softwood in round-log form from the United States because of a legal prohibition on the export of logs, that eventually the volumes of processed softwood in the form of lumber and plywood being exported to Japan would equal and then exceed the highest volume of log exports which has been achieved. This would not occur immediately because a total ban on log exports would, we are sure, cause Japan to purchase more of its needs in the form of lumber from British Columbia than it will do so long as logs are available from the United States. But total demands, not only from Japan but from the United States and Canada and other nations also, would call for even greater volumes of lumber and plywood to be exported eventually.

The advantages we see in imposing a total ban on export of round logs from any source are several. First of all, by retaining the primary manufacture of logs in this country, we contribute to employment opportunities for Americans. Second, by selling products in manufactured form, we generate a higher dollar return per unit thereby contributing more to a redress in the imbalance of payments resulting from trade between the United States and Japan. Third, a total ban on log exports would remove the inherent discrimination which now exists between those companies in the forest products industry which owns substantial amounts of their own land and those companies which do not and which are dependent upon federal lands for their supply of timber; a ban on log exports would result in placing all processors in the same position for opportunity to participate in export as well as domestic markets. Today, with Japan's preference for logs, only the processor who owns his own timber can enjoy the benefits of export sales. Equalizing opportunity between domestic producers would have the additional advantage of removing incessant pressures from domestic processors dependent upon federal timber for a ban on export of logs from federal lands and for an accompanying prohibition against substitution of federal timber in processing plants for private timber which had been exported; the complexities of timber supply make it impossible to devise a fair and equitable prohibition against substitution primarily because substitution means different things to different segments of the industry.

A fifth advantage then to a total ban on log exports would be to permit federal stumpage to command the current fair market price including the increment available from the exportability of product developed out of the log originating on federal lands. The effect of a partial or total ban on export of logs originating from federal lands is to reduce the price of federal timber to purchasers. To the extent the price is reduced below what it could command if the logs were ex-

portable, the federal government and thus the American taxpayers are subsidizing the purchaser of federal timber. Thus, just as a total ban on all log exports would furnish equality to the processors of logs in terms of potential markets, so would the ban also benefit the owners of federal timber by making it freely available for export in processed form.

It is transparently plain from the foregoing that Louisiana-Pacific Corporation would in no way support an embargo on exports of processed wood in the the form of lumber, plywood, chips, pulp or paper. We firmly believe that the abundance and renewability of America's timber resources should be used to the benefit of the public both for furnishing housing and all the other amenities commonly derived from wood for America's citizenry, but also to pay for additional amenities which are manufactured abroad and imported into the United States. The failure to make full utilization of the nation's timber resource is shameful waste.

We would make one particular comment on the details of S. 1033. Section 208(a) defines unprocessed timber as "cants, squares and lumber exceeding 4½ inches in thickness". This is an unrealistically small dimension. Much construction timber in both the United States and Japan would exceed 4½ inches. Since Japan has demonstrably bought lumber from Alaska which requires processing to a minimum thickness of 8½ inches, we think that any bill proposing to enact a ban on log exports should permit processing to a size at least 8½ inches in thickness and preferably even more, at least in the initial years of the proposed law's effectiveness. Allowing fairly large dimensioned processed material to be exported would presumably be helpful to the numerous small mills in Japan which process logs and squares into smaller dimension.

We appreciate the opportunity to present Louisiana-Pacific Corporation's views on the complex question of log exports.

SNOHOMISH, WASH., *April 9, 1973.*

Sen. ROBERT PACKWOOD,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: The write-up in the Seattle Post-Intelligencer, which I am enclosing with this letter, shows that you are in fact one of the few senators who has placed himself on the side of the logging problem where I am in agreement.

I have watched for the past ten years as our port facilities have been built up and glutted with logs from our hillsides. Increasingly, the price of homes gets further and further out of reach of some of us who are not in the wage bracket to afford the lumber from our "backyards", now getting shipped overseas. There is only one place that I would disagree with what you are doing and that is the log ban should take place by July 1, 1973 instead of years hence in 1974 and 1977.

I have been a logger in the past on a very small scale and was always curtailed by the cutting permit, road-building access and other restrictions which maintain a certain control upon lumber harvests. In the past year these controls seem to have all been "thrown out the window" or disregarded.

My brother operates a tower-yarder for a logging firm in the Snohomish County area of the state of Washington and is also a private pilot. The conversation among his associates in both fields who are able to evaluate the cutting of green timber is that there is perhaps 10 years or thereabouts before the virgin timber will run out at the rate of harvest during the present "boom".

Another matter of deep concern is the amount of small, second-growth evergreen which at current prices is being slaughtered off the land with total disregard for future needs and potential growth rates.

Forty five years ago I can well remember the result of the cutting and burning practices of that era when most of the lowland timber was stripped from our Washington hillsides. The resultant flooding was disastrous to farmlands and not until the last few years have the rivers stabilized and been contained within expensive diking. The excessive runoff which will undobutedly take place from the high-altitude logging now in progress will be far more expensive to John Q. Citizen than the few dollars profit being reaped from the sale of round logs. This brings up another point to beef about.

It seems more than foolish, in fact it seems downright stupid, to sell our resources even at high prices when they could be manufactured and the jobs created, reducing the unemployed labor force to which we are paying welfare. I know of mills where men have been laid off because it is now the policy to cut only large timbers for export. These go to foreign mills for reprocessing while our labor draws unemployment at public expense.

It is also not appreciated to have to be restricted on building a hot dog bonfire in the backyard then see the billowing smoke rising from slash burning fires set by Forest Service personnel who are "above" the law which governs the average citizen.

Even though you are a senator from a neighboring state, know that there are some people next door who are in agreement with your actions on log export and would like to say, make a megaphone and holler louder so that even Senators Jackson and Magnuson might be awakened.

Sincerely,

DON R. MOSER,
Private Citizen.

STATEMENT OF OREGON STATE TREASURER JAMES A. REDDEN, MARCH 23, 1973

It won't surprise homebuilders that we face a genuine crisis in the United States today—a crisis in the supply and cost of lumber, plywood and wood products.

For the past several months, the homebuilding industry has been faced with a 7% increase in lumber and plywood prices, compounded weekly. These weekly increases are in addition to a 30% increase during the six months immediately preceding this latest rash of price increases.

It is estimated that these increases, when applied to a 1,200 square foot house, have increased today's prices of that house by at least $2,000. When translated into a 25-year mortgage, this results in the home buyer paying an additional $2,500 in principal and interest costs.

We, therefore, have the home buyer paying an additional $4,500 for what was a medium-priced home!

What is the principal cause of this skyrocketing increase in lumber and plywood prices? It has been clearly established that the cause is directly attributed to the tremendous log export demand and its impact on the forest products manfacturer bidding for trees.

The United States exported 2.8 billion board feet of round logs in 1972, 91% going to Japan. It is reported that Japan plans to raise the level by as much as 25% for the calendar year 1973. The dollar volume of log exports in 1972 was $378 million. During 1972, the United States imported over $828 million of dimension lumber from Canada. Therefore, the net loss in balance of trade as a result of log exports and additional manufactured lumber imports was in excess of $450 million.

Great Britain colonized the world and was a world power by exporting the raw materials from her colonies to the Motherland for processing. It is hardly appropriate that Japan or any other country should colonize the Pacific Northwest. Let's not make the Northwest a Japanese tree farm.

A majority of the small Northwest sawmills cannot afford to manufacture existing logs, let alone pay the very high prices for logs now being placed on the market.

A random sample of Northwest sawmills conducted February 16, 1973, illustrates the problem. Mill after mill is experiencing layoffs, reduced shifts, dwindling log inventories, and even complete shutdowns because of their inability to obtain logs.

On the other hand, the Weyerhaeuser Export Yard is now operating two twelve-hour shifts, seven days a week to export the very logs that the mills cannot afford to obtain.

While Weyerhaeuser, check in hand, waves goodbye to the countless ships bound for Japan, the small sawmill owner must wave a sorrowful goodbye to his employes that are being laid off as the log inventory continues to dwindle.

SOLUTIONS:

(1) The first and foremost solution is an emergency, temporary, total embargo on log exports to give our Congress and the Administration an opportunity to "get our house of wood in order".

(2) Secondly, Congress should immediately begin hearings on legislation to establish reasonable quotas on log exports for the future. Reasonable quotas will reduce the cost of lumber and plywood to a point where the American public can and will have their housing needs met.

(3) Thirdly, Congress should immediately begin hearings on a program to dramatically increase the reforestation of America. Congress must act now on a plan to intensify the management of our nation's wood supply if we are to meet today's and tomorrow's needs.

Congressman Wendell Wyatt, in a speech before the Congress on March 19, 1973, outlined a program he call "The New Greening of America." His proposal embodies "the adoption of a concept of total reforestation—and that we aim our program for the successful achievement of this goal in a ten-year period."

Congressman Wyatt's program needs the support of every Oregonian. His program calls for "the necessary dollars to forest every acre of Federally owned land capable of high growth trees."

It is time the American people do something to save the American forests. We can no longer stand by and watch our greatest renewable natural resource—wood—be exploited and neglected.

STATEMENT OF OREGON STATE TREASURER JAMES A. REDDEN, APRIL 11, 1973

Senator Packwood: As you are aware, we have a genuine crisis in the United States today—a crisis in the supply and cost of lumber, plywood and wood products.

During calendar year 1972, the home building industry responded to federal government goals by commencing 2.4 million new housing starts, the highest number in the history of our country.

Meanwhile, in Japan, Prime Minister Tanaka, as a key to his domestic program, established a national policy requiring the construction of 2.4 million housing units.

Since Japan's population is about half that of our country, this would be the equivalent in the United States of nearly five million units. Japan began serious preparations for this construction boom and increased its purchase of wood fiber in many parts of the world.

In 1972, the United States exported 2.78 billion board feet of round logs; ninety-one per cent of these exports went to Japan. Bidding for logs in the United States, particularly along the west coast, has today reached astronomical proportions.

As you know, Senator, for the past five weeks the home building industry has been faced with a seven per cent increase in lumber and plywood, compounded weekly. This weekly increase is in addition to a thirty per cent increase during the six months immediately preceding this latest rash of price increases. It is estimated that these increases, when applied to a 1200 square foot house, have increased today's price of that house by at least $2,000. When translated into a 25-year mortgage, this results in the home buyer paying an additional $2,500 in principal and interest costs. We, therefore, have the home buyer paying an additional $4,500 for what *was* a medium-price home.

The Oregon legislature is presently considering a $200 million dollar bond issue to provide badly needed housing for Oregon low and medium income citizens. In December, that $200 million would have built 15,000 homes. Three months later that same $200 million will build approximately 12,000 homes, a reduction of 3,000 homes due to lumber and plywood price increases. The effectiveness of this measure is endangered because of the skyrocketing lumber and plywood prices.

I am convinced, as you are Senator, that one of the principal causes of these skyrocketing prices in lumber and plywood can be directly attributed to the tremendous log export demand and its impact on the forest products manufacturer bidding for trees.

What can be done? You propose a full embargo on log exports from the west coast of the United States. Many people in the wood fiber industry, the home building industry, and environmentalists agree that this would be desirable.

My feeling is that an emergency temporary embargo on log exports to give you and the rest of Congress and President Nixon an opportunity to get our "house of wood" in order is more appropriate.

In addition, hearings should be held by your Subcommittee in the very near future to find a tolerable level of log exports—a level which both countries could live with.

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The Congress should ban the export of logs from all federal lands out of the United States.

Replacing exported private timber with timber from federal lands should be banned. A private timber holder exporting logs either directly or indirectly should not be able to replace these exported logs by purchase of public timber, either directly or indirectly, unless the exported logs are declared surplus.

A purchaser of federal timber should also be prohibited from selling logs or timber either directly or indirectly to any company that has been exporting from private lands.

It is a fact that the price of lumber and plywood has about doubled in the past year. It appears that the big increase in the cost of logs is directly related to this rise.

The mills in the northwest have a very limited supply of logs remaining for manufacture. They are concerned about having a log supply for the future. Some mills have had to reduce shifts and cut back production because of the log supply squeeze. Oregon cannot afford to lose jobs in this industry.

Your immediate concern then should be:

(1) Assuring a wood fiber supply so that Americans can expect adequate housing at a reasonable price; and

(2) Protecting the jobs of the 83,000 Oregonians in the forest products industry.

But you must also look far beyond today's problems and take a long look into the future.

Your Committee should immediately begin hearings on a program to dramatically increase the reforestation of America. You and your colleagues in Congress must act now on a plan to intensify the management of our nation's wood supply if we are to meet the needs of today and tomorrow.

Congressman Wendell Wyatt, in a speech before the Congress on March 19, 1973, outlined a program he calls "the real greening of America". His proposal embodies "the adoption of a concept of total reforestation—and that we aim our program for the successful achievement of this goal in a ten-year period."

Massive reforestation deserves your support. You and your Congressional colleagues have a moral obligation to provide the necessary dollars to forest every acre of federally owned land capable of high growth trees.

I would suggest to you, Senator, that short term, as well as long term, solutions to the lumber crisis be your goal. You should urge Congress to enact:

(1) A reasonable quota on exports of logs.

(2) A complete ban on exports from federal forest lands.

(3) A ban on substitution.

(4) Legislation to begin immediately a program of total reforestation.

It is time the American people do something to save and renew the American forests. We can no longer stand by and watch our greatest renewable natural resource—wood—be exploited and neglected.

I hope that you will give this problem the highest priority and urge your Congressional colleagues to act immediately.

PORT ANGELES, WASH., *April 6, 1973.*

Mr. EDWARD P. KEMP,
Minority Counsel,
Subcommittee on International Finance

DEAR SIR: I came to Port Angeles to make my home in 1946, after spending time here off and on since 1936, when I knew the Olympic Peninsula was going to be my home. I now feel I am helplessly standing by watching it being raped. This will be my small effort to see if I can help stop it.

All thru history, we read of once great nations who wasted or sold their natural resources to find themselves at the mercy of lesser and smaller nations. This includes their lawmaking bodies who bought and sold their senate seats to the highest bidder to become so degenerate as lawmakers, the riff raf finally burnt the city down. Oil is one example we are facing now, don't let it happen to our timber.

There are several ways to save these forests that have taken longer to grow than our nation is old, for our future generations. We are selling the logs and buying it back in everything from cheap clothing, to finished wood products, while our welfare and unemployment costs keep climbing.

I think that as of Jan. 1, 1974, we must stop all exports of cedar and fir known as virgin timber, whether it be privately State or nationally owned.

All other types should be put on a 50-50 basis. That is, for every board foot of logs, they should take an equal amount of sawed lumber. This should make a market for second growth logs and lumber which the small operator could handle as the market for pulp wood has been declining for a long time. Just think of the gypo logging and sawmill operators we would see come back into operation.

Private companies are now selling their own timber and bidding up National Forest sales so high that the small operator just can't compete. Companies that still insist on selling logs as they do now should not be able to bid on National Forest or state timber.

Don't leave a lot of amendments and loopholes, such as offering these logs to several buyers. I believe this was tried in Canada, so many buyers would turn down each other's logs and still sell them for export. This was quite a joke along the B.C. waterfront. It seems every time the federal government appropriates money for a project, the speculators make a farce of it. There must be some way to prevent this before the money is allocated. One of the examples of this is the cost of finished lumber.

This has been and is a great country, but we don't want to build our future homes with wood so knotty and warped that is probably won't last. Let's build with first rate products made in the United States that will last for years and we can be proud of.

If nothing better can be put together, I firmly back Sen. Packwood's bill and amendments as is.

Sincerely,

CHARLES B. PEARMAN.

LYNDEN, WASH., *April 8, 1973.*

Senator PACKWOOD,
U.S. Senate,
Washington, D.C.

DEAR SIR: I just heard and saw G. Johnny Parks of the Longshoreman's Union in an interview on KIRO Television in Seattle regarding S. B. 1033. Whereas my interest has been somewhat medicore regarding this issue this seemingly ignorant man has stirred my conscience almost to the boiling point.

He accused you of political hanky-panky by having the hearings changed to San Francisco and Portland rather than Seattle and the latter. His logic was that Washington was the greatest exporter so the hearings should have been here. Please let KIRO know why the change was made.

Though I am a layman when it comes to the logging industry I feel I am somewhat competent when it comes to speech and debate and in making sense out of someone else's reasoning and logic. Mr. Parks made very little sense. All he told me was this. 3,000 longshoremen will lose their jobs now if we stop exporting logs. My answer is they should have thought of that several years ago when they began exports to Japan—or anywhere. They should have thought too that there was such a thing as depletion of some natural resources no matter what controls we imposed. Neither he or anyone on the panel could see the following point either; at least I assume so since it wasn't discussed. They mentioned that statisticians have concluded that in ten years many resources will have been totally depleted. Mr. Parks was sure to avoid saying that now was the time to stop this nonsensical exportation before the ten years is up. I can see no motive for such ignorance except monetary greed. I'd rather have exports discontinued now rather than ten years from now.

Another important and ignored aspect of this is the following. I resent this export of logs as a tax payer—period. Who pays for upkeep of our forests and for reforestation? The tax payer does. And what has bothered me for sometime is that we pay for grain banks and for upkeep of the forest and who gets the profit from the sales of the above??? Not me. I don't want it, but I don't want any profiteering at my expense either. Nor do I want our precious logs exported at my expense.

Those that interviewed Mr. Parks had him over a barrel at times, and on too many occasions he was not able to provide KIRO with direct answers. I believe however that S. B. 1033 should be given equal time so that taxpayers can be given the facts. I know KIRO will oblige you and your cause and I wish to commend you on a stand I know has brought some hard feelings between you and a few of your state constituents.

Respectfully yours,

WARREN S. PUGH.

PORT OF OLYMPIA,
Olympia, Wash., April 17, 1973.

Senator ROBERT PACKWOOD,
U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR PACKWOOD: In connection with your Portland log export hearing of April 11, 1973 in regards captioned proposed legislation, it is respectfully requested that the following and the attached be entered into the record of that hearing.

My Commission, elected by a majority of the over-46,000 registered voters of Thurston County, have examined both the long and short range effects of your proposed legislation and have to conclude that it poses an extremely serious threat to the economic stability of this community and to all of the State of Washington. Their considerations led them to drafting and adoption at public meeting on March 21, 1973 of Port of Olympia Resolution No. 818, copy attached, a resolution advocating continuing export marketing of timber as a requisite to an economically healthy timber industry.

Further, in their serious consideration of the questions involved, they concluded further in their "Log Exports—Yes or No" memorandum, a copy of which is also attached.

Senator Packwood, we again ask that this and the attached be made a part of the record of the Portland log export hearing and further enlist your serious consideration of your withdrawal of this proposed legislation, for it is obvious to these leaders of this community that the short and long range deterimental effects of such legislation far, far outweigh the sketchy, if in fact any, benefits resulting from this proposed log export ban.

Most sincerely yours,

G. W. SIBOLD, *Manager.*

PORT OF OLYMPIA

RESOLUTION NO. 818

A resolution of the Port of Olympia Commission, advocating a continuing economically healthy timber industry.

Whereas, continuity of a perpetual, self-sustaining harvest and marketing of a principal resource of the Northwest region is critically important to a stable economy, and the generation of basic wealth in the greater Olympia area, and

Whereas, Senate Bill 1033, the "Timber Export Administration Act", introduced in the Congress of the United States, would, if passed into law, appear to unjustly disturb a currently healthy timber industry, causing extensive unemployment and depriving both public and private investment of a return on such investment and the public of an important tax revenue source, and

Whereas, no real evidence has been given supporting the contention that present log exports are serving to deprive domestic needs, that curtailment of such exports would improve present domestic timber pricing, and that the present rate of timber harvest is greater than a continuing sustained yield allows, and

Whereas, Port of Olympia earnings are currently derived principally (in 1972, 90%), from handling log exports and such earnings source permitted in 1973, for the first time in this port's 50-year history, elimination of Port taxation: *now, therefore, be it*

Resolved, that the Port of Olympia Commission hereby admantly opposes passage of Senate Bill 1033 and supports continuing log export marketing. *Be it further*

Resolved, That the Port of Olympia Commission urges the Washington State Congressional Delegation to oppose passage of Senate Bill 1033.

Unanimously approved and adopted by the Port of Olympia Commission this 21st day of March, 1973.

LOG EXPORTS—YES OR NO

No place has it been evidenced by the proponents of "Ban Log Exports" that such action will cure over-priced lumber—neither has it been shown that our timber resource is being harvested at a rate in excess of renewable supply.

WHY THEN "RAW LOG EXPORTS"?

WHY CONTINUE EXPORT MERCHANDISING OF TIMBER? BECAUSE IT:

Continues employment of 16,000 persons in Washington State.

Promotes more productive timber-land utilization.

Allows harvesting of low-grade timber, formerly wasted.

Provides local, state and national tax income.

Provides return on existing public investment and financially supports costly future improvements in facilities.

Improves national balance of trade.

Provides financial requirements for new facilities.

Converts resource to wealth. (Have we really forgotten that man's economic health is fully dependent on his ability to extract wealth from the land, sea and atmosphere?).

It must be submitted that high-priced timber and its products is a temporary phenomenon—a temporary hurt to our domestic consumer—if not temporary, then whatever the higher price, it will gradually be absorbed by our system, and higher timber values will greatly improve our economic well-being by extracting more wealth from this resource.

It makes economic sense to harvest, to merchandise our resources in a world market, so long as we are not over-depleting our long-range supply.

PLYWOOD, LUMBER AND SAWMILL WORKERS,
LOCAL UNION NO. 2691,
Coquille, Oreg., March 18, 1973.

The Honorable ROBERT PACKWOOD,
Senate Office Building,
Washington, D.C.

DEAR SENATOR PACKWOOD: The enclosed copies of signatures of some of the employees of Georgia-Pacific Company at Coquille, Oregon agreeing something must be done about the Log Export to Japan.

At the present time the price of logs the Japanese are buying is much too high for the plywood mills to purchase. The cost of the logs, which is the plywood mills raw material, put the cost of the finished product beyond the allowable Phase 3 guide lines.

The big question is: Does our Government want the Japanese lumber industry to keep growing and our lumber industry be only a logging department for the Japanese? Here at the Coquille plant of Georgia-Pacific Company we have already felt the effects of the high costs of the logs for export by having the cost of the raw material used for the manufacture of plywood increase to match the export price. At this plant the production of plywood has been cut back, many crews have been curtailed and related jobs also curtailed simply because of the lack of logs and the high price of the veneer used in the production of plywood. These curtailments are causing employees to lose their jobs without any chance of getting another.

We realize that shipping is necessary at the Port of Coos Bay, but the shipping could be changed to the finished product instead of the raw material. Why not have the finished lumber shipped to Japan and other countries and let the American people have the jobs necessary to manufacturing this product? It is fine to help other countries, but let's take care of our own first.

We have made Japan an Industrial Giant and it seems to us the giant is getting ready to put us all on the unemployment rolls. A great part of the Auto industry, the textile industry, the electronic industry, and now the timber producing industry is leaving the United States. Is this nation able to supply the world with raw materials and the American people survive without any manufacturing?

We the members of Local Union #2691 of the Plywood Lumber and Sawmill Workers urge emergency legislation to halt the export of logs from this country.

Very truly yours,

JAMES LINDEGREN,
Recording Secretary.

(The pages of signatures accompanying this letter are retained in the files of the committee.)

PORT OF ANACORTES,
Anacortes, Wash., April 13, 1973.

Hon. Senator ROBERT PACKWOOD,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR PACKWOOD: Enclosed please find copy of Resolution 421 adopted by the Port of Anacortes.

Please see that this beomes a part of the record of the Portland Log Ban hearings.

Your attention to this matter is much appreciated.

Sincerely,

ROBERT D. KELLER, *Manager.*

RESOLUTION No. 421

Whereas, the Port of Anacortes is concerned with the protection of the Washington Forest Industry as well as keeping a stabilized economy, and

Whereas, Senate Bill 1033 in the Congress of the United States, referred to as the "Timber Export Administration Act" would create extensive unemployment and hardship in log-oriented communities as well as substantial major capitalization losses on port facilities and log equipment, and

Whereas, the proposed legislation would mean an extensive loss of state and school tax revenue which would have to be made up elsewhere, and

Whereas, issue which the legislation applies itself to is of little or no concern to the other forty-nine states and therefore, should not be handled at a federal level, and

Whereas, the curtailment of log exports would seriously impede the importation to the United States of America of lumber from Canada, thereby reducing the supply and forcing lumber prices even higher, and

Whereas, good forest management practices in Washington provide us the ability to maintain adequate timber supplies for both domestic and export need, *Now therefore be it*

Resolved, by the Port Commission of the Port of Anacortes that it opposes passage of Senate Bill 1033, *Be it further*

Resolved, That the Port Commission of the Port of Anacortes urges the Washington State Congressional Delegation to oppose Senate Bill 1033.

Approved and passed this 8th day of March, 1973.

PORT OF COOS BAY,
Coos Bay, Oreg., April 4, 1973.

Mr. EDWARD KEMP,
Minority Counsel, Subcommittee on International Finance, 6327 Dirksen Senate Office Building, Washington, D.C.

DEAR MR. KEMP, The Port Commission of Coos Bay will not be able to have a representative at the Portland hearings being conducted by the Subcommittee on International Finance. The Port Commission is in opposition to any further ban on logs. The Commission believes that the "Morse Amendment" and the State of Oregon Laws which allow for export of logs on a selective basis is quite sufficient.

Commission has examined the employment situation in the Bay area and does not believe that either Weyerhaeuser or Georgia Pacific Corp. would hire one more person if the export of logs were completely prohibited. No statements of fact have been obtained from small mills that they would employ more persons, nor does this Commission for one moment believe the price of lumber would decline. Lumber prices will decline when the demand is satisfied and in the length of time it will take to build new mills, the demand will be satisfied. We would thus again go through the cycle of low lumber prices to high lumber prices and the usual feast or famine of the forest industry would again prevail.

The enclosure shows the effect of a total ban on log exports insofar as the economy of Coos County is affected.

Sincerely,

ROBERT I. YOUNKER,
President.

PORT OF COOS BAY,
Coos Bay, Oreg., April 4, 1973.

Senator ROBERT PACKWOOD,
Senate Office Building,
Washington, D.C.

DEAR SENATOR PACKWOOD, the Port Commission of Coos Bay is opposed to a complete ban on the export of logs. Approximately 50% of the logs exported are Port Orford Cedar which have no domestic market except in the local manufacture of archery equipment.

The balance of the log export business comprises Douglas Fir, Hemlock, Redwood and some Sugar Pine, in descending order. The total for 1970 being 98,562,000 board feet, Scribner scale. The log exports represent less than 10% of the Coos Bay tonnage, a total of about 5,000,000 tons, but the financial impact is much greater than its proportionate part of that tonnage. The table set forth shows the actual cost of felling, trucking, towing and longshoring charges for the 98,562,000 board fee (Scribner) exported in 1970. With new labor contracts the figures would be higher.

Towboat, 50 men, $194,000.
Longshoremen, 100 men, $910,000.
Trucker, 125 mens, $1,600,000.
Foresters, 150 men, $2,418,000.
Total direct compensation: $4,922,000. Total direct jobs: 425 men.

Additionally there is clerical help in the buyers offices and in the stevedore companies, plus maintenance men on the docks.

The 25 log ships buy about $800 per trip from local ship chandlers; also, the money spent by ships' crews is about $50,000 per year.

This more than five million dollars in direct wages, does in turn create service type jobs, ie. department stores, motels, restaurants, garages, etc. Conservately a ban on log exports would cost Coos County about fifteen hundred jobs and more than ten million dollars in wages.

This money is generated by foreign purchases and contributions to a favorable balance of trade.

Sincerely,

ROBERT I. YOUNKER,
President.

REPORT OF BOARD OF COMMISSIONERS, PORT OF COOS BAY

(by Kenneth L. Lewis)

First, I want to make it very clear that I am not making this statement in order to advance any position on log exports. I may have personal views on the subject but I have attempted to set them aside in order to present such information as is available, in as dispassionate manner as possible, to provide a basis for this commission to reach a logical decision if it so desires.

I have made my thoughts clear on the subject of a public body presenting only one side of a question that is of the utmost importance to our electorate.

I can intellectually perceive valid arguments on both sides of the question and I can also perceive areas of compromise. For example, I can understand the company with adequate timber holdings desiring to maximize its income for the benefit of its stockholders and I can equally well understand the position of a company owner with little or no timber reserves being fearful of losing all that he has worked to build. I can sympathize with wage earners on both sides of the question in their fear of losing jobs. Whether logs should or should not be exported may well depend on the timing, the species, the grade, the volume and the domestic demands.

To proceed with a discussion of the problem; any discussion of log exports should be approached carefully, because this is one of the most complex problems that has faced the forest industry in many years. It encompasses concerns from the cleanup man in the sawmill to international finance and the relationships between nations; it impinges on the Federal-State relationship; it evokes the strongest of emotions and divides the people in and out of the industry into camps with seemingly irreconcilable differences.

First, it might be logical to examine the controversy from the position of who owns the timber we are talking about. The simplest division would be public timber and private timber.

Let me address the question of public timber. Included in the language of the Organic Act of June 4, 1897, which establishes the U.S. Forest Service, is the statement, "no public forest reservation shall be established except . . . to furnish a continuous supply of timber for the use and necessities of citizens of the United States".

In the O and C Act of August 28, 1937 which concerns itself with the reversion of the Oregon and California Railroad lands to the Federal Government, to be managed by the Bureau of Land Management, is the language, for "a permanent source of raw materials for the support of dependent communities and local industries". In a sense these are the reasons for the Executive Order of April 18, 1968 and the succeeding restrictions on exports commonly referred to as the "Morse Amendment", for they spoke to the question of how does the export of logs benefit the people of the area and the country.

The Morse Amendment contains a prohibition against substitution of logs from federal lands for private timber that is exported. The federal agencies have never implemented a procedure for enforcement of the control of substitution. It would appear that the laws on the books today do not favor exports, but are designed to limit them.

At the present time there are blatant instances of circumvention of the Morse Amendment. In one instance, Business A buys logs, which come from private lands, from Business B. Business A than exports these logs instead of utilizing them and then buys federal timber and sells it to Business B who utilized them in its plant. In other instances, we see mills that have sold their inventories in the export market and replaced them with public timber. In still other instances a buyer of timber will purchase federal timber and make no pretense of substitution but exports some of the timber directly. These adventures are lucrative but violate the intent of the enabling legislation as well as the Morse Amendment.

In the case of the Elliott State Forest we have a slightly different situation. The Elliott State Forest was established by trading "school lands", that were granted to the state on its entrance into the Union by the federal government, in order to concentrate the land and timber into a cohesive manageable forest. The monies from the sale of timber from these school lands goes, at least in part, to help support the schools of Oregon and are to be managed for the benefit of the schools, taking into account all factors that can influence the final decision.

It should also be mentioned that the State of Oregon has a law concerning exportation of logs. This law is a restriction on exports but is not a ban. The procedure calls for any operator who desires to export logs from any state public lands to apply to the Department of Forestry for an export permit. If, after a hearing, the department determines that the logs in questions are surplus to the needs of the area, an export permit may be granted and the logs exported. This law has had no enforcement proceedings and I fear that it too has been violated many times.

When the question of exportation of private timber is examined, we find another type of situation and one that is more difficult than that of public timber. The basic question here is "does or should the government have the right to regulate what a man does with his own property?" Those favoring a ban on log exports subscribe to the belief that government should do this and can cite many instances where it occurs. The prime examples are in zoning, building ordinances, uses of land and water, permitted investments, ownership of gold, restrictions on log exports from Alaska and a whole series of other examples. Those who answer "no" to the question are those who believe in free trade, sanctity of property ownership and the right of an individual to direct himself.

In addition to the ownership of timber we must also concern ourselves with other facts that have to do with the timber supplies and maintenance of the economy of an area, often referred to as social consciousness. We find that the supply of raw material is influenced by many factors other than log export; problems that require concern and correction. There has been a great deal of publicity in all media in recent months about the withdrawal of timber from the federal forest for roadless areas, wilderness areas, stream corridors, recreation areas, fragile areas and a host of other purposes deemed to be in the public good. This has reduced the volume of timber that the federal agencies can offer for sale and still remain within their allowable cut on a sustained yield basis. These withdrawals are creating considerable pressure on the timber market.

In another area, we find Congress taking actions that affect timber supplies. Examination of the federal budget shows that the authorization for timber access roads last year was $170 million and that the budgeted amount for this coming year has been reduced to $75 million. This $170 million was little enough in view of the amount of work needed to build roads into the forests to salvage and use trees that would otherwise be lost forever. This timber is that which has been insect damaged, fire damaged, windthrow, snow broken or has suffered from other causes. The federal forest agencies have also been severely limited in available funds for reforestation and this will either cause loss of future timber available or set back the time that it will be available. Because of these actions, and others like them, the federal forests are producing much less timber than they are capable of and may continue to do so in the future.

We also see other instances where actions of agencies that have nothing to do with timber are affecting our supplies. The most graphic example of this is the Tussock moth. This insect eats the needle of fir and pine trees. At the present time it has heavily infested 195,000 acres of timberlands in eastern Oregon and Washington, and it is estimated that by the end of 1973 it will have spread to 500,000 acres unless treated this spring. The only known insecticide that will control the Tussock moth is DDT, but DDT has been canceled or suspended in all forest uses. In our area we have problem of Cedar Root Rot that has affected considerable areas and, to date, has not been adequately controlled.

Lack of roads, slow reforestation, denial of sanitation procedures and other negative practices have contributed to a situation in which the federal forests fall far short of producing the amount of timber of which they are capable and this in turn magnifies the problem of log exports.

I do not want to get into the "numbers game" on the question of exports because facts about any facet of the timber industry are difficult to come by due to the indifference of the state agencies in gathering and collating information on the state's largest industry. In fairness, there is also some reluctance on the part of industry to make facts available, because of their competitive position. Another reason for not wanting to use a lot of figures is that they can be used to provide whatever may be desired and this is not my goal. I have presented some data, where necessary, in this report and while it is not a definitive as I would desire, I have taken care to make it as meaningful as possible.

The Port of Coos Bay adopted a resolution and issued some data for the Subcommittee on International Finance of the U.S. Senate meeting on June 8/9, 1972. In this release they used some figures concerning employment and payrolls involved in log exports. While I have not been able to verify the figures presented, I think it is fair to use them for comparative, if not absolute, purposes. Any figures on volume used will be in Scribner Scale. The data presented was as follows:

Logs shipped, 1970 (board feet)	98, 562, 000	
Logging	$2, 418, 000	150 jobs.
Trucking	1, 600, 000	125 jobs.
Towboats	194, 000	150 jobs.
Longshoring	910, 000	100 jobs.
Total	5, 122, 000	525 jobs

Data from the Port office for 1972 shows that ⅓ of the logs exported in that year were Port Orford Cedar and ⅔ were other softwood species. The Port Orford Cedar has generally been conceded as a species that should be exported under any set of circumstances, so to convert the figures shown above to a basis of other softwoods alone shows:

Logs shipped, 1970 (board feet)	65, 708, 888	
Logging (2,418,000×⅔)	$1, 612, 000	100 jobs.
Trucking (1,600,000×⅔)	1, 067, 000	83 jobs.
Towboats (194,000×⅔)	129, 000	100 jobs.
Longshoring (910,000×⅔)	607, 000	67 jobs.
Total	3, 415, 000	350 jobs.

When logs are sawn into lumber, the board footage developed is greater than the board footage of the logs sawn. This is due to the structure of the log scaling system. This increase in footage is known as the "overrun". An overrun will vary depending on the manufacturing process and the size of the logs sawn, but experience has shown that 40% is a reasonable estimate. Further, for the sake of this exercise, we will assume that the volume exported is totally manufactured in sawmills. If plywood plants or pulp mills were included, the resulting figures would be higher due to their greater dependence on manpower. 65,708,000 BF of logs would produce 91,991,000 BF of lumber. If the exportable softwoods were manufactured into lumber, the labor benefits to the area would be:

Logging	$1, 612, 000
Trucking	1, 067, 000
Towboats (none assigned even though some would be used)	
Longshoring	460, 000
Manufacturing (at $24.00 per thousand board feet for labor alone)	2, 207, 000
Total	5, 346, 000

If we look at the same situation for a job-sustaining basis, it would look this way:

Exporting logs:	
Logging	100
Trucking	83
Longshoring	67
Towboats	100
Total	350
Manufacturing exportable logs:	
Logging	100
Trucking	83
Longshoring (estimate)	35
Towboats (estimate)	10
Manufacturing	240
Total	468

These comparisons do not include any sales or administrative wages in the computation for manufacturing. Further, these manufacturing figures do not take into consideration that every 1000 BF of lumber produces the following by-products:

	Per thousand board feet	Units
Chips	0.63	57,950
Shavings	.27	24,830
Sawdust	.59	54,270
Bark	.57	52,430

Of these products the chips and some of the sawdust would be exported and the balance of the sawdust, planer shavings and bark would be consumed domestically to produce even more jobs.

I spoke earlier of the problems that caused a shortage of timber in the area, but now let us examine the severity of this shortage. The log export situation should be considered not only from the short range or immediate viewpoint, but also from a longer range view. Attached is a letter from the Department of Revenue showing the volume of timber on the tax rolls for each of the last 10 years. It is interesting to note that the remaining volume is almost exactly ½ of the volume of 10 years ago. This overall reduction includes any possible interim increases in volume due to re-cruises of timber, additions because of growth and discovery of timber that had not previously been on the tax rolls in prior years. It should be understood that no timber that has been classified under the Reforestation Act is on the tax rolls as shown. This timber is exempt from annual taxa-

tion and pays 12½% of its value in the year of harvest. A study of the volume shown reveals that large volumes were removed in the early years and has dropped rapidly in the later years, indicating that private timber is becoming harder to secure inasmuch as production capacity has changed little in this time period.

Now let us turn to the usage of timber in the county. From a report issued by the Pacific N.W. Range and Experiment Station in 1966, the most recent year available, the timber used was:

	Board feet
Sawmills	435, 616, 000
Plywood plants	367, 154, 000
Total	802, 770, 000

This timber came from the following sources:

		Board feet
BLM		118, 740, 000
State		75, 109, 000
National Forest		69, 252, 000
Company owned lands	428, 246, 000	
Other lands	111, 421, 000	
		539, 667, 000
Total		802, 768, 000

Simple arithmetic would show that this would be a very short timber supply. But we must take into consideration that in the intervening years there probably could have been a change in the ratio of supplying sources. The State and Federal lands are probably contributing more today than they did during 1966. It should also be noted that the sources of this timber were not all in Coos County. During the year 1966 we imported 116,637,000 BF from Curry County; 141,555,000 BF from Douglas County; and 1,616,000 BF from Jackson County for a total of 259,812,000 BF and we exported 5,392,000 BF to Curry County; 9,248,000 BF to Douglas County; and 9,382,000 BF to Lane County for a total of 24,022,000 BF leaving a net import of 235,790,000 BF. This net import figure should be taken into consideration in trying to estimate any remaining life of the timber supply. I can discover no figures that would allow me to designate how much timber used during any year came from Coos County. Perhaps someone with more resources could determine this. The fact remains, however, that with 2,871,602,000 BF of timber on Coos County tax rolls and a need for approximately 800,000,000 BF annually, we will have to seek new sources of raw material or reduce production in the near future.

A study entitled "An Inquiry Into The Economic Potential of Douglas County, Oregon, 1971-1985" shows that due to a lack of timber or the substitution of other economic growth, some severe dislocations are due in Douglas County. By 1985 a population loss of 11,000 out of a present population of 71,700 is predicted. While the Douglas County figures cannot be applied directly to Coos County, the two areas are similar and the final end position of either county will be similar to the other because of their heavy dependence on the timber industry. The study mentioned is supported by data developed by the Bonneville Power Administration and the State Highway Division.

There is one more subject that must be addressed and that is the problem of balance of payments. Arguments are made that if exports are reduced or banned it would not increase production, and that we have no assurance that the foreign nations would buy lumber from us instead of logs. Thusly, we would increase the deficit in the balance of payments. I would agree, at least in part, that restrictions of exports will not increase domestic production significantly immediately. However, if it did not increase production, it would provide more logs for use in the future, and thus extend the period of satisfactory operations to some extent. As to the balance of payments, I hesitate to comment because of a

lack of knowledge. However, there have been two views put forward, one by Senator Packwood and one by Weyerhaeuser Co. I will simply present them with the comment that the truth probably lies somewhere between the two.

Packwood:	
Log exports (3,049 billion at 136.02)	$414, 780, 000
Canada imports (4,879 billion at 173.75)	847, 773, 200
Credit	432, 953, 200
Weyerhaeuser Co.:	
Log exports (2.0 billion at 125.00)	250, 000, 000
Canada imports (NA)	220, 000, 000
Deficit	30, 000, 000

I think I have summarized my study of the log export problem to the best of my abilities, subject to the lack of definitive information.

Essentially, I presume, the decision for an individual will be based on reasons that have little to do with logic, but I urge you to be careful in your decision and not be swayed too much by emotion.

If you have an interest in exploring the subject further, I would commend for your reading the following items from which I drew much of the information given here.

1. *Log export problems.*—Hearings before the Sub-Committee of the Select Committee on Small Business. (3 volumes, 1399 pgs.)
2. *Douglas fir supply study.*—Pacific N.W. Range and Experiment Station, 1969.
3. *Timber flows and utilization patterns in the Douglas fir region, 1966.*—Pacific N.W. Range and Experiment Station, Pub. PNW-89.
4. *Oregon timber industries, 1968.*—State Dept. of Forestry.
5. *Timber supply and the environment.*—College of Business Administration, University of Oregon.
6. *Towards complete use of eastern Oregon forest resources.*—Pacific N.W. Range and Experiment Station, PNW-3.
7. *An inquiry into the economic potential of Douglas County, Oreg. 1971–85.*—O.S.U. School of Business and Technology, June 1972.

DEPARTMENT OF REVENUE,
STATE OFFICE BUILDING,
Salem, Oreg., March 6, 1973.

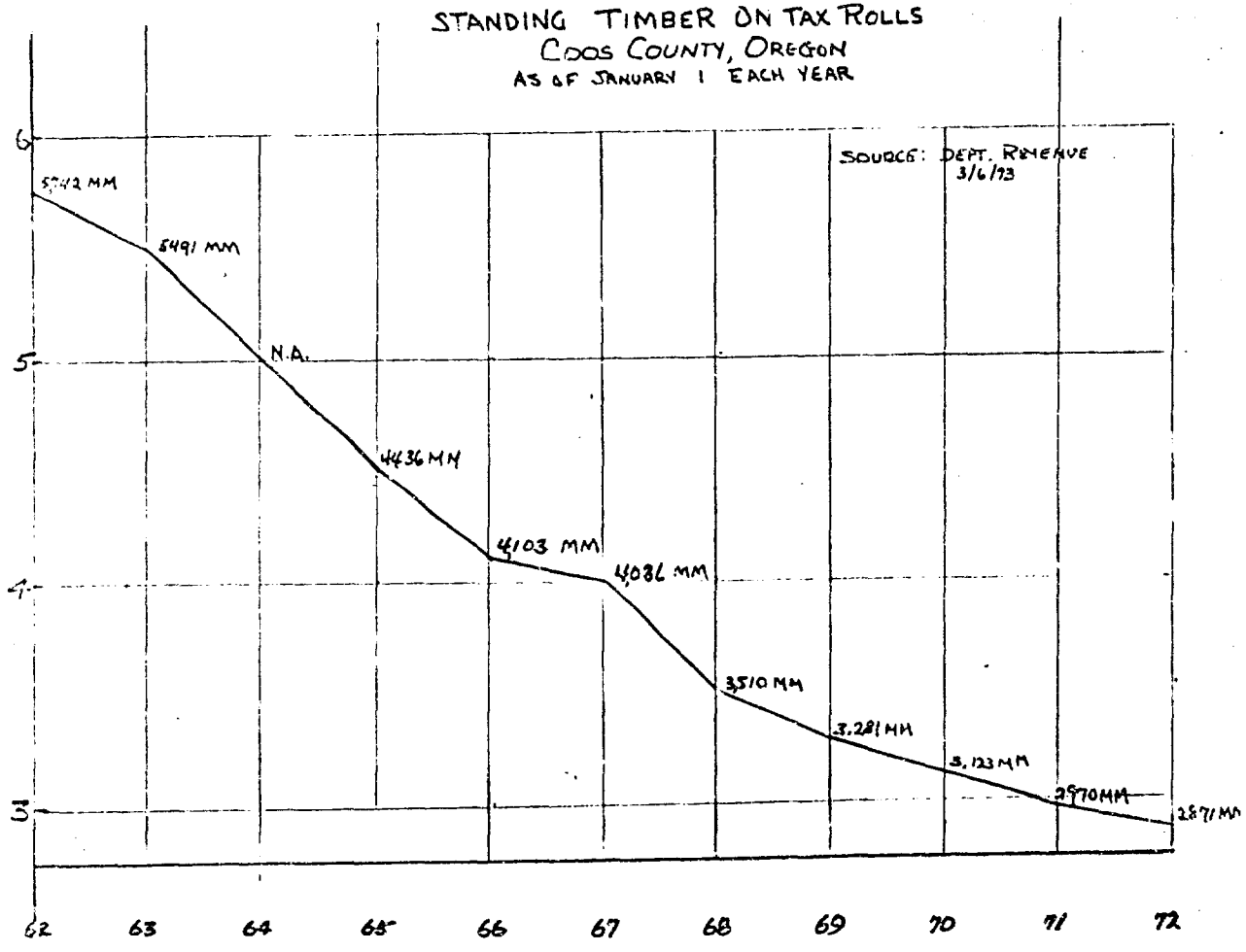
MR. KEN LEWIS,
Al Peirce Lumber Co.,
Coos Bay, Oreg. 97420

DEAR MR. LEWIS: The following is a list of the total volume of private timber on the tax roll each January 1 in Coos County which you requested during your phone call today:

	Thousand board feet
1962	4, 742, 027
1963	5, 491, 655
1964	NA
1965	4, 433, 376
1966	4, 103, 172
1967	4, 036, 648
1068	3, 510, 795
1969	3, 281, 859
1970	3, 123, 604
1971	2, 970, 683
1972	2, 871, 602

Very truly yours,

WALLACE B. EUBANKS, *Supervisor.*


STANDING TIMBER ON TAX ROLLS
COOS COUNTY, OREGON
AS OF JANUARY 1 EACH YEAR
SOURCE: DEPT. REVENUE
3/6/73
5742 MM
5491 MM
N.A.
4436 MM
4103 MM
4036 MM
3510 MM
3.281 MM
3.123 MM
2970 MM
2871 MM
6
5
4
3
62
63
64
65
66
67
68
69
70
71
72

PUBLISHERS PAPER,
TIMES MIRROR,
Oregon City, Oreg., April 13, 1973.

Mr. EDWARD P. KEMP,
Minority Counsel, Subcommittee on International Finance,
Dirksen Senate Office Building, Washington, D.C.

DEAR SIR: Publishers Paper Co. would like to submit for the record the following written statement in response to S. 1033:

We would like to express our appreciation for the opportunity to discuss the acute problems confronting this region as a result of log exports. While this is, on the surface, basically a concern of our forest products industries in the Pacific Northwest, it is having a broader effect on the economic picture of this region and the nation, and failure to intelligently deal with this situation could do immeasurable harm to the long-term prospects for a sound economy in the Pacific Northwest.

Keep in mind that one of this region's prime natural resources is its timber. To be sure, it is a renewable resource and we work hard at insuring and improving its renewability, but it is and will continue to be a limited resource. Also, we are sure you are aware of the fact that despite some broadening of our region's economic base in recent years, more than half of our Northwest economy is still generated by our wood products industry. This will hold true for some time to come. This region cannot have a healthy economy without healthy, forest-based industries.

So that our comments are not interpreted as being directed only at timber operators and log exporters, we remind you that the export log is supported and encouraged in other quarters, such as some segments of labor and some departments of government.

The export of logs from Oregon and Washington is now running at an annual rate of nearly three billion board feet. While the export program in its infancy resulted in sales of species with a limited domestic demand, the trend has long since shifted to lumber and plywood grade logs.

In order to afford logs in today's market for use in their mills, more operations are selling a share of their logs in the export market. This is done in order to take advantage of those unrealistically high prices as a partial offset against costs of logs for manufacturing uses. This puts more pressure on publicly-owned timber sales, creating the inevitable price increases which go with that situation. The situation becomes particularly critical for manufacturers with little or no fee timber and depending almost entirely on public timber to supply their mills. We strongly oppose the export of any public timber in log form and would like to present the following to be considered in any pending legislation dealing with the log export situation:

1. The Morse Amendment should be allowed to expire on December 31, 1973.
2. Enact new legislation to prohibit the export of logs from any public lands.
3. Prohibit exporters of private timber from directly or indirectly acquiring public timber for substitution and use in their domestic operation.
4. Congress should provide for adequate funding in the following forest management areas to increase harvest potential from federal forest lands:
   a. Access road systems.
   b. Reforestation of all non-stock lands.
   c. Salvage of windthrow, dead and dying timber.
   d. Thinnings in young stands of timber to utilize natural mortality and increase the yield per acre of crop trees.

The log export problem is extremely intricate. We must recognize that its solution by necessity must take into account the need for an assured long-term supply of this nation's forest products.

Very truly yours,

RAYMOND M. LUTHY,
Timberlands Manager.

RED CEDAR SHINGLE
& HANDSPLIT SHAKE BUREAU,
Seattle, Wash., April 9, 1973.

SUBCOMMITTEE ON INTERNATIONAL FINANCE,
6327 Dirksen Senate Office Building,
Washington, D.C.

GENTLEMEN: The Red Cedar Shingle & Handsplit Shake Bureau is an international trade association, headquartered in Seattle, Washington. It represents approximately 360 producing mills in Washington, Oregon, Idaho and the

province of British Columbia, the only geographic areas in the world where Western red cedar trees are grown. Of the total membership, some 180 mills are located in Washington, 51 in Oregon, and 5 in Idaho.

It should be emphasized above all else, that there is a profound difference between the export of Western red cedar logs and other species. In short, we believe that cedar should be considered on its own merits and treated as a wholly separate and distinct export issue.

The unique nature of the cedar problem has been stated clearly by Mr. George Weyerhaeuser, president of the Weyerhaeuser Company. In a press conference dealing with his company's position on the export issue, he stated that Weyerhaeuser was adopting a policy of giving "cedar lumber mills in our operating areas the right of first refusal at prices relative to current domestic product prices on cedar logs which we harvest that are surplus to our own manufacturing needs." Mr. Weyerhaeuser further stated that since cedar is insignificant (3 percent of 1972 log exports) in total export trade, "we believe this can be done without unduly restricting that (export) trade. . . ."

Although insignificant in terms of the total log export trade, the volume of cedar being exported is of vital importance to the economic maintenance of the cedar industry in the United States. This is brought about by the unique growing characteristics of the cedar tree which cause it to require over 200 years of growth before it attains a size and maturity compatible with shingle and shake usage. Because cedar does require such a long growing cycle, it is only rarely—if ever—included in sustained yield reforestation programs and this obviously suggests that the supply of usable cedar is diminishing. For instance, only about 7 percent of the commercially available standing timber in the State of Washington is Western red cedar.

The raw material supply situation is further compounded by the fact, previously pointed out, that Western red cedar grows only in a moist temperature climate and is therefore basically limited to the coastal range between Northern California and Southern Alaska.

I should point out here that Western red cedar continues to grow in the producing regions, although not as part of a managed forest system. The problem comes essentially from the fact that the "useable trees"—again, those well over 200 years old—are in dwindling supply, not the total resource itself. Furthermore, in terms of historical preservation, it should be noted that the cedar reserve "locked up" in the Olympic National Park alone in Washington State is two to three times greater (between 75 and 100 billion board feet) than the estimated growing stock of cedar in the combined states of Washington, Oregon and Idaho (some 34 billion board feet).

The impact of cedar export, particularly in the magnitude which I have alluded to, must be viewed in terms of marketplace demand as well as the economics of the individual industry mill. In recent years there has a been a pronounced increase in the acceptance of cedar shingles and shakes as a roof covering material throughout the United States. A cedar roof has come to be recognized as the hallmark of architectural quality and this, plus the fact that no other forest specie currently available is suitable for shingle and shake manufacture, has created an extraordinary market place demand pressure.

Even as demand reached peak impact, and a record year of residential housing starts continued to fuel the inflationary surge, cedar mills were facing critical raw material shortages—shortages which continue even as these hearings on log export proceed. What material is available has been driven sharply upward in cost by export bidders, further aggravating the log shortage problem at the mill level. What has resulted—largely due to log export in our judgment—is that at a time when shingles and shakes should be moving to market in record numbers, we have the irony of mills facing increasing problems of log procurement.

Statements by other companies, I'm sure, have documented the impact of export bidding on log costs, so suffice it to say that the cost of a typical shake log has virtually doubled in the past twelve months, cost which is reflected in higher market prices. Shingle and shake mills, or at least the vast majority of them, are simply not in a position to bid regularly at these levels of cost and the inevitable result will be—shut downs and economic hardship.

Because of the uniqueness of the cedar shingle and shake product and the peculiar economics of the industry, and because we believe that government action restricting cedar log exports would in no way seriously interfere with considerations related to balance of trade or other international economic or diplomatic consequences, this association, acting in behalf of its membership,

respectfully requests specific Federal prohibition on the export of all No. 1 and No. 2 Western red cedar logs. We do not ask this restriction on No. 3 logs, which are largely used for poles and pilings.

By taking this action, we firmly believe that the Congress will not only be making a direct contribution to the building industry and the individual consumer, but will be acting to preserve a small, yet vital industry in the Pacific Northwest.

Yours very truly,

VIRGIL G. PETERSON,
Secretary-Manager.

STATEMENT OF W. LEE ROBINSON, VICE PRESIDENT, LONGVIEW FIBRE COMPANY

My name is W. Lee Robinson. I am vice president in charge of timber operations for Longview Fibre Company, a pulp and paper manufacturer located in Longview, Washington. The company owns 370,000 acres of forest land in the States of Washington, Oregon, and California. These properties are being managed, consistent with good forest practices and the principle of multiple use of forest lands, to produce continuous forest crops.

We believe that the efficient operation of the free enterprise system requires that a producer be allowed to market his product wherever his return will be maximized. We recognize, of course, the necessity for some controls when national defense or the health and welfare of the Nation are at stake. In the present instance, we do not feel that the national defense or the health and welfare of the people of the United States are at stake despite the all time, and no doubt temporary, high level of lumber and plywood prices. To the contrary, we feel that the long term effect of free trade in forest products will be beneficial to the Nation. Aside from the international impacts relating to balance of trade and our important international relations, the stimulation of greater forest production in the United States will ultimately work to the advantage of the consumer. There can be no stimulus to production greater than a good return on an investment.

Except where the national defense is threatened, the owner of an asset should be allowed to direct the flow of his product into the market. The owners of Federal timber, that is the citizens of the United States, certainly have the right to designate the markets into which that timber will move. Such a decision could logically include a restriction on "substitution". By the same token, those who own and grow private timber should have the right to determine the market into which their products will move.

A complete restriction on the export of logs would be an extremely short-sighted mistake. The tendency would be to shift the gain from one segment of the economy, the tree grower, to other segments of the economy, the mill manufacturer and/or the consumer. If increased forest production is to be achieved, the long-term aspect requires that we maintain a realistic return on the capital investment made when a tree is planted. Forestry is a long-term business. The installation of manufacturing plants is a relatively short term proposition. We can more readily adjust manufacturing capacity to market conditions than we can adjust forest establishment and management to market conditions. Shifting the economic return from the tree grower to another segment of the economy will certainly not increase the supply of wood, but will be a decided deterrent to investments in forestry. Inasmuch as nearly 60% of the commercial forest lands in the United States are owned by the small landowner, our efforts to stimulate production on this class of property are of great importance both to the forest industry, the forest worker and to the consumer. Many legislative proposals have been made which would subsidize the small forest landowner to stimulate capital investment in forestry. I submit that the consumer will be worse off having to pay that subsidy as a taxpayer than he would be to pay more for forest products as a consumer. By far the more efficient system for increasing production is provided in the unrestrained market place.

The export of private timber when market conditions warrant will stimulate better forest management of industrially owned property also. A greater commitment to such good management practices as reclamation of brush areas, rapid reforestation, precommercial thinning, fertilization and early commercial thinnings will increase the amount of wood available in the long pull. In addition, a market such as we have been experiencing over the past few months will stimu-

late current log production. Notwithstanding increased exports, Longview Fibre Company will place in the domestic market during 1973 a greater volume than it did in 1972 or 1971 because of response to the keener market. Shifting of this domestic volume from one area to another creates some distress for certain mills, but in the long run, adjustments will be made to accommodate the more efficient mills.

In summary, Mr. Chairman, we feel that the citizens of the United States have the right to decide whether or not their federal timber assets will be sold in the export market. We contend that the owners of private timber should have that same prerogative. To do otherwise is to impose an injustice upon the private tree farmer. We further believe that the stimulation of a good timber market will do more than all the subsidies in the world to bring about greater commitment and better management on private forest lands.

ROUGH AND READY TIMBER CO.,
Cave Junction, Oreg., March 27, 1973.

SUBCOMMITTEE ON INTERNATIONAL FINANCE,
Dirksen Senate Office Building,
Washington, D.C.

GENTLEMEN: We wish to support Senators Packwood, Church and Cranston's Senate Bill 1033, the amendment to the Export Administration Act of 1969.

The principals of our company have operated a sawmill and logging business in Southwest Oregon for over 50 years and the biggest crisis we have ever faced in our history is the increasing export of logs and substitution of government timber to replace log export volumes.

Although we have a substantial amount of private timber which incidentally we could export, we are mainly dependent on government timber sales for our log supply.

The export of timber and the importing of lumber from Canada has gradually increased until in 1972 2.8 billion feet of logs were exported and in turn five billion feet of lumber was imported to meet domestic housing needs. In other words we help our trade balance with Japan by exporting logs and then turn around and more than offset this balance by importing lumber from Canada.

Because of the overrun (1) factor, 2.8 billion feet, log scale, processed domestically would yield over 4 billion feet of lumber.

Let us restrict log exports and export lumber rather than logs thus using American labor and sawmill capacity while recouping the overrun potential of some 1.4 billion board feet; also, our longshoremen would be just as fully employed if exports were changed from raw logs to lumber.

In the long run we believe that much of any increased lumber production would go into the domestic market while more Canadian production would be switched to the export trade and thus help solve our overall trade balance.

We urge immediate action on Senate Bill 1033 because of the emergency situation facing the West Coast Lumber Industry as a result of rising log exports.

Sincerely,

LEWIS N. KRAUSS.

(1) *Overrun.*—The gain in lumber footage over log scale footage which comes from using thinner saws and smaller lumber sizes than those used when the original Log Scale was developed.

Example: 50% lumber overrun × 2.8 billion export volume Log scale=1.4 billion board feet gain lumber scale.

SCOTT PACKAGED PRODUCTS DIVISION,
Everett, Wash., April 12, 1973.

Senator ROBERT PACKWOOD,
U.S. Senator,
Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR PACKWOOD: It is requested that the following statement be entered into the record of the Portland Log Export Hearing.

Ample testimony has been submitted to the hearing held in Portland on April 11 and to a previous hearing of the Senate Banking Committee held in Washington,

D.C. on March 27 to prove that the current lumber shortage with the attendant high prices has not been caused by the export of logs from the West Coast of the United States to Japan and there is, therefore, no need to reiterate these well-known facts that support this position.

We do, however, wish to record our objection to those proposals contained in SB 1033 which would prohibit an owner of timberlands from marketing his products as he wishes. The imposition of restrictions on the export of privately owned logs to Japan or any other country would violate this principle and we are unalterably opposed to such action.

Very truly yours,

ROBERT I. THIEME,
Vice President and General Manager,
Northwest Operations.

SHAKERTOWN CORP.,
Winlock, Wash., March 19, 1973.

SUBCOMMITTEE ON INTERNATIONAL FINANCE
6327 Dirksen Senate Office Building,
Washington, D.C.

GENTLEMEN: Shakertown Corporation is one of the principal producers of cedar shingles and shakes in the United States. We operate nine shingle or shake mills in 9 different communities in Washington and Oregon. While none of these mills employ over 50 people, they are each located in a relatively small community and are a principal factor in that community's economy.

The history of Shakertown spans a period of over 50 years. During that time, we have supplied shakes and shingles for roofs and sidewalls of residences in practically every city and hamlet in these United States, including cedar shakes for such historic buildings as independence hall.

Western red cedar is an ideal wood for shingles and shakes. It is strong and light weight and has a straight grain. Its special chemical characteristics make it especially resistant to decay, weather erosion, and damage from insects. Cedar is the long lasting good looking roofing material that most architects specify for quality homes.

Unfortunately, cedar is a vanishing species. Western red cedar only grow in moist temperate climates and is pretty well limited to the western slopes of the coastal range, between Northern California and Southern Alaska. Western red cedar is a slow growing species with a typical 3 to 4 foot diameter tree being perhaps 200 to 300 years old. Cedar is not generally included in reforestation programs because of its slow growth.

A very large quantity of western red cedar is preserved forever in our national parks, principally the Olympic National Park. The commercial timber stands that do contain old growth cedar are steadily being cut over and will only last a limited time.

All experts agree that the days are numbered for the U.S. shingle and shake industry. The industry production will decline, beginning in as little as 5 years, and although some production may continue for several decades, it will be on an ever decreasing basis. Certainly, in your children's time, a new shake roof made from U.S. manufactured shakes, will become a scarce item.

Up until about ten years ago, there was little pressure upon cedar log supplies from the export market. The export demand for cedar has now grown to the extent that the Japanese are taking very substantial quantities of the better logs, leaving only the less desireable logs for domestic use. This has caused two severe problems.

1. Raw material shortages have caused most shingle and shake mills to operate at less than capacity, and

2. Log prices have been driven steeply upward.

Our 9 mills, being spread over about 250 miles, probably represent a fair cross section of the industry. Every one of these mills operated at some reduction of capacity last year because of material shortages. Those reductions ranged from a complete shut down for about four months of our Independence, Oregon Mill, to discontinuance of a second shift, or shutting down one or more saws at some of our other mills. All in all, we could have produced from 50 to 75 percent more shakes and shingles last year, nad adequate raw material been available.

Cedar log prices approximately doubled between January 1, 1972 and December 31, 1972. A typical shake log that cost about $105.00 per thousand board

feet at the beginning of the year, thus cost over $200.00 at the end of the year. Shingle and shake prices reflected those extra costs and increased from about $25.00 per square at the mill to about $37.50 per square.

Our industry has been especially hard hit by log exports. Cedar logs are a diminishing resource—they are in limited supply and are not being replanted. Remaining stands will only support our industry for perhaps another decade. There just isn't another wood that can do the same job near as well. Every log exported, means that someone in the next generation will have to do without a shake or shingle roof.

The resulting sharp price increases, due to the competition among exporters for the best cedar logs, has had to be passed along to the home builders. This has certainly been a major factor in the rapid rise in building costs.

We feel that the time for action is now, and we earnestly hope that effective legislation can be passed that will preserve the remaining cedar logs for our domestic use.

Very truly yours,

PAUL E. THOMAS,
Treasurer.

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121 MANSION DRIVE, *Media, Pa.,*
April 17, 1973.

Senator ROBERT PACKWOOD,
U.S. Senator, Dirksen Senate Office Building, Washington, D.C.

DEAR SENATOR PACKWOOD: Today I sent you a wire, a copy of which is attached, opposing your legislation SB 1033 wherein you proposed to restrict the export of logs from private property.

Mrs. Sheldon and I are the owners of approximately 600 acres of fee owned timberland located in Mason County in the State of Washington. We have owned this property since 1944 and have paid regular ad valorem taxes on it all this time. The property is now nearing the age for the harvest of a fine crop of second growth timber.

Wood in the form of logs, lumber and chips has recently become an important item in world trade and for the first time the owners of private property are able to give intensive management to their forest lands because the price of the product produced now carries sufficient value to warrant this management. We object to your legislation in that it would prevent us from selling our product in world trade markets. You are familiar with the tremendous improvement there has been made in the utilization of trees from private property. The ability to sell high value products in their best market also has made possible the utilization a profit of the material of less quality.

For the time being, we do reside in Pennsylvania, but for the past thirty years this private property has been an investment and strong objection is made to your proposal that we cannot utilize this investment to its full value.

I am sending copies of this letter to Senators Scott and Schweiker of Pennsylvania and also to Senator Magnuson and Jackson from our native State of Washington.

I trust you will consider that the infringement on the rights of private property as contained in your proposed legislation SB 1033 is sufficient for you to amend or withdraw the proposal.

Sincerely yours,

T. R. SHELDON.

TAYLOR LUMBER CO.,
Sheridan, Oreg., April 18, 1973.

EDWARD KEMP,
Banking, Housing and Urban Affairs Committee,
U.S. Senate, Washington, D.C.

DEAR SIR: The Lumber and Timber Industry is a very complex and complicated one to understand. It is an industry made up of "have and have not;" that is to say, the large timber-holding companies and those without timberland who rely on Federal and State timber to operate their sawmills.

Our Company, in the past years, has relied upon International Paper Company, Crown Zellerbach, Boise Cascade and Longview Fiber Co. for about half of our log supply and other half from Federal timber sales. All of the above-

mentioned companies are exporting logs to Japan that at one time were used by mills in our area. If these logs were available, mills could operate an additional shift and generate more lumber for domestic use. This would help our balance of payment by not having to buy lumber from Canada. If the present logs that are being exported were manufactured stateside, it would mean more jobs for Americans from the sawmills to the docks. By keeping our logs in the States, we would also be keeping more wood fiber for stateside mills to process.

One must also consider the unit of measure that is used in our industry. "One Thousand Board Feet, Scribner Scale" in logs is equal to approximately "One Thousand Five Hundred Board Feet" of lumber. In other words, One Thousand Board Feet of Logs, if processed stateside, would yield an additional 50% overrun and would mean 500 Board Feet of additional lumber.

The large timber holding companies are selling their private timber at high export prices and using this excess profit to purchase Federal and State sales. This is forcing up stumpage and lumber prices plus placing the small sawmill in a position that he is unable to compete. If some form of substitution of logs is not placed in force, there will be no small mills left in the country.

Senator, I feel that your Bill S1033 would be in the best interest, not only for the small Oregon sawmill, but also in the best interest for our great nation as a whole.

Very truly yours,

PHILIP E. LOVE, *President.*

TWIN HARBOR STEVEDORING CO.,
Aberdeen, Wash., April 16, 1973.

Senator ROBERT PACKWOOD,
U.S. Senate, Senate Office Building,
Washington, D.C.

DEAR SENATOR PACKWOOD: It is quite evident that your Hearings and Fact Finding Committees have not given you all of the true facts in regard all aspects of log and lumbering in the Pacific Northwest. Had you all the true facts then I am sure you would have canceled your SB 1033 and diverted your efforts toward locating the actual culprits who have so tremendously profited from the high lumber pricing.

If private, non-timber owning, interests are successful in securing a ban on log exports they would cause a tremendous depression in the Northwest and would ensure losses as listed:

(a) A direct loss of over 16,000 jobs in forest-trucking and Port Facilities with an economic impact of $275,000,000.

(b) Direct revenues and tax revenues to the State of Washington of $75,000,000.

(c) A plus of $450,000,000 per year for our U.S. balance of payments earned by these exports.

It is a matter of record that these private, non-timber owning, groups have repeatedly stated to the Cost of Living Council that the prices of lumber and plywood are governed by a free market, subject only to the law of supply and demand. They have been under continuous pressure under PHASE I, II and III to reduce prices and "many" have been cited and penalized by the IRS for exorbitant profits. Many of these small mills have increased profits up to 125% in 1972 versus 1971 according to published statements.

I suggest that you personally read thoroughly the April, 1973, "Monthly Economic Letter" of the First National City Bank of New York, wherein, it clearly states "Despite its good intentions, though, the bill would—if it became law—accomplish none (of its objectives). Instead, in both its long-run and short-run implications, its passage would lead to a worsening in all of the areas it promises to improve." On this quote I enclose an article published in the Seattle Post Intelligencer on April 15, 1973.

In closing I leave the question that will not leave my mind in that with such a small percentage of the logs being sold for export against the entire U.S. annual cutting—how could this small percentage so control the pricing of lumber?

Very truly yours,

CAPT. W. E. PIERSON, *Chairman,*
Washington Citizens For World Trade.

[From the Seattle Post-Intelligencer, Apr. 15, 1973]

BANK ENTERS (TIMBER) ACT

One of New York's most prestigious banks has stepped into the fray over whether Washington logs should continue to be exported to Japan.

It's perfectly logical. If an Oregon senator can introduce the legislation and then hold hearings not in Seattle but in Portland, New Yorkers surely have an equal right to be heard.

The only difference is that the prestigious economics department of the First National City Bank of New York flatly opposes the proposed ban, on just about every ground imaginable.

The bank, in its April "Monthly Economic Letter," notes that the proposed Timber Export Administration Act of 1973 proposes to prop up the housing market, increase domestic employment, vitalize the economy of the Pacific Northwest, improve the balance of payments and reduce the general price level as well as that of lumber products.

The bank calls the proposed law—which largely would affect Washington, since more than 80 per cent of the Nation's timber exports are from here—a "panacea," then adds:

"Despite its good intentions, though, the bill would—if it became law—accomplish none (of its objectives). Instead, in both its long-run and short-run implications, its passage would lead to a worsening in all of the areas it promises to improve."

Study that last sentence again. Those aren't partisan for one cause or another speaking.

Let's study the bank's reasoning. The key assumptions of the bill's proponents are that an export embargo would result in a shift in foreign demand away from U.S. logs to U.S. milled lumber products, substitution of domestic output for Canadian imports in the U.S. market and an overall increase in the lumber supply. Say the bankers:

"These assumptions tend to splinter under closer examination."

That closer examination shows, according to the economists, that a prohibition "cannot be reasonably expected" to shift much production into domestic channels. The processing industry is already at or in excess of capacity. At least two years would be needed to build new facilities. Says the bank:

"Even if there is some excess capacity in other areas along the Pacific Coast, as some lumber processors argue, it is not economically located to process Washington logs at current prices."

An embargo would swiftly result in a sharp increase in Canadian lumber prices, the bankers note, with a commensurate increase in the prices for Canadian lumber being imported to this country now.

The balance of payments would deteriorate "markedly" under the double impact of reduced exports and an increase in import prices.

Total production in this area would "undoubtedly" fall, it's explained, because Japan now is the major market for hemlock. The bill, by the way, doesn't even exempt Port Orford cedar, which has no domestic use at all except for archery equipment. Observe the bankers:

"The bill before the Senate could put a permanent damper on the high productivity of the Northwest forests. The hoped-for gains in processing-industry employment could well be more than lost through falling employment in harvesting and the export industries . . ."

Nice though, that Senator Packwood is so concerned. Maybe a bit of turnabout is fair play. Wonder whether we could get a ban on "exporting" power from Columbia River dams in Washington? We're going to need it all ourselves this summer and fall. Come to think on it, that idea makes better sense than the export ban. Maybe a trade could be worked out.

WASHINGTON CITIZENS FOR WORLD TRADE,
Olympia, Wash., April 17, 1973.

Honorable BOB PACKWOOD,
Dirksen Senate Building,
Washington, D.C.

DEAR SENATOR PACKWOOD: We have been asked to forward the enclosed materials to you by the respective organizations from which they originated.

It is respectfully requested that each separately be entered into the hearing record on SB 1033, which was held in Portland on April 11.

Enclosed are resolutions from:

Olympia Chamber of Commerce.
Washington State School Directors Association.
International Longshoremen & Warehousemen's Union Auxiliary No. 3.
International Longshoremen & Warehousemen's Union Local No. 47.
Washington Farm Forestry Association.
Master Contracting Stevedore Association of the Pacific Coast.
City of Seattle Mayor's Maritime Advisory Committee.
Council of Federated Auxiliaries, International Longshoremen & Warehousemen's Puget Sound District.
League of Women Voters of Clallam County.
Pacific Northwest Waterways Association.

Thank you for your courtesy in this matter.

Sincerely,

LEWIS HOLCOMB, *Chairman.*

OLYMPIA AREA CHAMBER OF COMMERCE

RESOLUTION: REGARDING EXPORT OF LOGS MARCH 29, 1973

Whereas, Senator Packwood has proposed legislation banning export of logs to Japan; and

Whereas, the only possible justification for such a ban of log sales would be to obtain lower lumber prices, a goal which we as members of the Chamber of Commerce fully support; and

Whereas, the price of lumber depends on the supply and demand of lumber; and

Whereas, it cannot be proven that a ban of log exports will materially effect the supply of lumber since mills are currently operating at near capacity, and since a ban of log exports will not effect lumber demands; and

Whereas, the ban of log exports represents, at best a short-term solution to a long-range problem, and the solution in this case violates the important concept of free trade and free enterprise, which we as members of the Chamber of Commerce fully support; and

Whereas, finally, since the ban of export logs would adversely effect the United States Balance of Payment Problem, this must be of concern to all of the United States.

Therefore, we as members of the Olympia Area Chamber of Commerce urge you to oppose the passage of Senator Packwood's legislation.

RESOLUTION REGARDING S. 1033 BEFORE THE FEDERAL CONGRESS

Whereas, the Washington School Directors' Association is concerned with the common schools continuing to receive revenues from school lands for the financing of school construction; and

Whereas, the major source of financing for building schools derives from the sale of timber from school lands; and

Whereas, the sale of that timber at public auction to the highest bidder in a free and open market results in maximum revenue; and

Whereas, Senate Bill 1033 in the Congress of the United States, referred to as the Timber Export Administration Act, would, by forbidding the export of logs from state lands, greatly reduce this revenue by restricting sales to local buyers; and

Whereas, the proposed legislation would also create extensive unemployment and hardship in log oriented communities, as well as substantial major capitalization losses on port facilities and log equipment. *Now, therefore, let it be*

Resolved, by the Executive Committee of the Washington State School Directors Association that it opposes passage of Senate Bill 1033 and urges the members of Washington Congressional Delegation to oppose SB 1033.

MRS. GORDON MURPHY,
West Side Vice-President,
Washington State School Directors Association.

FEDERATED AUXILIARIES,
INTERNATIONAL LONGSHOREMEN AND WAREHOUSEMEN'S UNION,
Seattle, Wash.

RESOLUTION

Whereas, the International Longshoremen's Union, Aux. #3, is concerned with the protection of the Washington Forest Industry as well as keeping a stabilized economy, and

Whereas, Senate Bill 1033 in the Congress of the United States, referred to as the "Timber Export Administration Act of 1973" would create extensive unemployment and hardship in log-oriented communities as well as substantial major capitalization losses on port facilities and log equipment, and

Whereas, the proposed legislation would mean an extensive loss of state and school tax revenue which would have to be made up elsewhere, and

Whereas, issue which the legislation applies itself to is of little or no concern to the other forty-nine states and therefore, should not be handled at a federal level, and

Whereas, the curtailment of log exports would seriously impede the importation to the United States of America of lumber from Canada, thereby reducing the supply and forcing lumber prices even higher, and

Whereas, good forest management practices in Washington provide us the ability to maintain adequate timber supplies for both domestic and export needs, *Now, therefore, be it*

Resolved, by the ILWU, Aux. #3, that it opposes passage of Senate Bill 1033. *Be it further*

Resolved, That ILWU, Aux. #3, urges the Washington State Congressional Delegation to oppose Senate Bill 1033.

RESOLUTION

Whereas, the I.L.W.U. #47 is concerned with the protection of the Washington Forest Industry as well as keeping a stabilized economy, and

Whereas, Senate Bill 1033 in the Congress of the United States, referred to as the "Timber Export Administration Act of 1973" would create extensive unemployment and hardship in log-oriented communities as well as substantial major capitalization losses on port facilities and log equipment, and

Whereas, the proposed legislation would mean an extensive loss of state and school tax revenue which would have to be made up elsewhere, and

Whereas, issue which the legislation applies itself to is of little or no concern to the other forty-nine states and therefore, should not be handled at a federal level, and

Whereas, the curtailment of log exports would seriously impede the importation to the United States of America of lumber from Canada, thereby reducing the supply and forcing lumber prices even higher, and

Whereas, good forest management practices in Washington provide us the ability to maintain adequate timber supplies for both domestic and export needs, *now, therefore, be it Resolved*, by the I.L.W.U. Local #47 that it opposes passage of Senate Bill 1033, *be it further Resolved*, That I.L.W.U. Local #47 urges the Washington State Congressional Delegation to oppose Senate Bill 1033.

HOWARD L. FRY,
President.

WASHINGTON FARM FORESTRY ASSOCIATION

RESOLUTION ON THE EXPORT OF LOGS

PORT ANGELES, WASH., MARCH 3, 1973.

Whereas much public attention has been drawn to the impact of log exports upon lumber and plywood mills and the home builder; no consideration has been given to the impact of log exports upon the producers of logs.

We of the Washington Farm Forestry Association feel very strongly that:

I

The cost of a new home that is attributed to the cost of logs delivered to the mills, still only represents about 6% of the total cost. This is not out of proportion to other costs in the construction and selling of that home.

II

By placing ourselves in a competitive world market, the price and level of utilization of forest products are approaching a point where it is more reflective of the cost of growing a new crop of timber.

III

That if we are to meet the forest products need of this and the next century, we have to invest now in intensive forest management. The present price and utilization structure is essential to provide the incentive and the capital necessary for these long term investments.

IV

That the attitude of timber as being a natural resource is outdated as we move out of an old growth economy. The real natural resource is the land and its ability to grow timber. We as small woodlot owners are in the business and have a dedicated interest in growing timber as a crop, to meet the forest product needs of our modern society. *Therefore, Be it hereby*

Resolved that the Washington Farm Forestry Association go on record as being in favor of a healthy competitive world market that is helping to make possible intensive management of small woodlots.

STATEMENT OF MASTER CONTRACTING STEVEDORE ASSOCIATION OF THE PACIFIC COAST, INC.

DEAR SENATOR: At the annual meeting held on March 10, 1973 of our Association, whose member firms (see attached list) are engaged in the stevedore business in many cities on the West Coast and perform stevedoring services at almost all ports in the States of California, Oregon and Washington, the following resolution was unanimously adopted with the request that it be brought to your immediate attention:

"*Resolved*, that the Master Contracting Stevedore Association of the Pacific Coast, Inc., whose members are vitally involved in world trade and commerce at all ports on the Pacific Coast of the United States, oppose Senate Bill 1033 introduced by Senators Packwood, Cranston and Church, both on principle as restrictive legislation detrimental to the foreign commerce of the United States and on its merits as seriously affecting and damaging the economy of the States of California, Oregon and Washington."

We hope that you will bear our views in mind in forthcoming hearings to be held by the Senate Committee on Banking, Housing and Urban Affairs [or by the House Committee on Banking and Currency] in which this proposed legislation will be considered.

SEATTLE MAYOR'S MARITIME ADVISORY COMMITTEE

RESOLUTION

A Resolution, by the Mayor's Maritime Advisory Committee, opposing Senate Bill 1033, the Bill to amend the Export Administration Act of 1969.

Whereas, the City of Seattle is a center of international trade, whose economy is greatly dependent upon imports and exports, and

Whereas, as log exports create a substantial number of jobs in the Northwest, affecting the entire spectrum of the economy, Senate Bill 1033 would create extensive unemployment and hardship in Maritime capitalization losses on port facilities and log equipment, and

Whereas, the proposed legislation would mean an extensive loss of state and school tax revenue which would have to be made up elsewhere, and compound the already critical financial situation in the Seattle Public Schools, and

Whereas, issue to which the legislation applies itself is of little or no concern to the other forty-nine states, and therefore, should not be handled at a federal level, and

Whereas, log exports assure the continuation of Canadian lumber for our building industry, and the restriction of log exports would shut off the supply from across the border, hence raising our construction prices considerably, and

Whereas, log exports are a factor in easing the balance of payments crisis, and

Whereas, restrictions on log exports would mean retaliatory action from our trading partners overseas, hence injuring the Seattle economy based on trade, the most healthy segment of our economic life; *Now, Therefore, be it*,

Resolved by the Mayor's Maritime Advisory Committee, the Mayor concurring:

That the Mayor's Maritime Advisory Committee does hereby oppose Senate Bill 1033 as a serious threat to our economy, *and be it further*,

Resolved, That the Mayor transmit a copy of this resolution to each member of the Washington State Congressional Delegation and the Washington State Senate and House.

Passed this 8th day of March, 1973.

PUGET SOUND DISTRICT COUNCIL OF FEDERATED AUXILIARIES

RESOLUTION

Whereas, the Puget Sound District Council of Federated Auxiliaries is concerned with the protection of the Washington Forest Industry as well as stabilized economy, and

Whereas, Senate Bill 1033 in the Congress of the United States, referred to as the "Timber Export Administration Act of 1973" would create extensive unemployment and hardship in log-oriented communities as well as substantial major capitalization losses on port facilities and log equipment, and

Whereas, the proposed legislation would mean an extensive loss of state and school tax revenue which would have to be made up elsewhere, and

Whereas, issue which the legislation applies itself to is of little or no concern to the other forty nine states and therefore, should not be handled at a federal level, and

Whereas, the curtailment of log exports would seriously impede the importation to the United States of America of lumber from Canada, thereby reducing the supply and forcing lumber prices even higher, and

Whereas, good forest management practices in Washington provide us the ability to maintain adequate timber supplies for both domestic and export needs, *now therefore, be it*

Resolved, by the Puget Sound District Council of Federated Auxiliaries that it opposes passage of Senate Bill 1033, *be it further*

Resolved, That the Puget Sound District Council of Federated Auxiliaries urges the Washington State Congressional Delegation to oppose Senate Bill 1033.

EMMA T. PHILLIPS,
Secretary, P.S.D.C.

LEAGUE OF WOMEN VOTERS OF CLALLAM COUNTY

RESOLUTION

Whereas, the League of Women Voters of Clallam County is concerned with the protection of the Washington Forest Industry as well as keeping a stabilized economy, and

Whereas, Senate Bill 1033 in the Congress of the United States, referred to as the "Timber Export Administration Act of 1973" would create extensive unemployment and hardship in log-oriented communities as well as substantial major capitalization losses on port facilities and log equipment, and

Whereas, the proposed legislation would mean an extensive loss of state and school tax revenue which would have to be made up elsewhere, and

Whereas, issue which the legislation applies itself to is of little or no concern to the other forty nine states and therefore, should not be handled at a federal level, and

Whereas, the curtailment of log exports would seriously impede the importation to the United States of America of lumber from Canada, thereby reducing the supply and forcing lumber prices even higher, and

Whereas, good forest management practices in Washington provide us the ability to maintain adequate timber supplies for both domestic and export needs, *now, therefore, be it*

Resolved, by the League of Women Voters of Clallam County that it opposes passage of Senate Bill 1033, *be it further*

Resolved, that League of Women Voters of Clallam County urges the Washington State Congressional Delegation to oppose Senate Bill 1033.

ROSALYN YOUNG,
President.

RESOLUTION OF PACIFIC NORTHWEST WATERWAYS ASSOCIATION

USE OF PACIFIC NORTHWEST TIMBER RESOURCES

The Pacific Northwest Waterways Association is fully cognizant of the diverse economic and environmental factors involved in the harvesting, marketing and use of the timber resources of the region.

These resources play a significant role in both domestic and export markets.

The Association believes that decision which involves a long-range commitment for the use of this, or any other, resource should be made only after careful study and consideration of all factors and alternatives.

The Pacific Northwest Waterways Association does not feel that a total ban on log exports is in the best interests of the region at this time.

The Association urges the Administration and Congress to authorize Federal agencies to conduct necessary studies and institute necessary management practices to resolve this problem and to make available funds to achieve these ends as expeditiously as possible.

WASHINGTON EDUCATION ASSOCIATION,
PUBLIC RELATIONS DEPARTMENT,
Seattle, Wash., March 20, 1973.

News Release—The 38,000-member Washington Education Association today announced strong opposition to the "Timber Export Administration Act of 1973" recently introduced in the U.S. Senate by Oregon Senator Robert Packwood.

The "Packwood Bill" would restrict the export of logs from federal and other public lands and phase out, over a five-year period, the export of privately-owned logs. Log experts from school and state lands managed by the state Department of Natural Resources generate over $5.5 million annually in school revenues.

"WEA's opposition to the bill is based primarily on the increased financial burden that would be placed on the state's taxpayers," said WEA President Ken Bumgarner. "The $5.5 million annual loss to the schools would require increased taxes in order to continue the present educational program."

Washington timber constitutes at least 70 per cent of the nation's total log exportation. Oregon's forest produce another 18 per cent, with the remaining 12 per cent coming from other states. Consequently, the proposed legislation is of primary interest to Washington state. According to one estimate, over 8,000 directly related jobs will be lost if the measure becomes law. The "Packwood Bill" is similar to Initiative 32, a prohibition on the export of publicly owned logs, which was defeated by Washington voters in 1969.

"While WEA sympathizes with those concerned over the current high prices of wood products and the environmental impact of logging, the Association believes that the export of logs is only one of many factors contributing to these problems," stated Bumgarner. "The 'Packwood Bill' is a meat-axe approach and is not in the best interest of this state's citizens."

The WEA official urged concerned citizens to make their views known to Senators Magnuson or Jackson and other members of the state's congressional delegation.

U.S. FOREST SERVICE DATA

AMERICAN INTERNATIONAL TRADE IN SOFTWOOD LUMBER AND LOGS, 1960–72

[Million board feet]

	LUMBER[1]		LOGS[2]	
	Import	Export	Import	Export
1960	3,639.3	693.8	32.3	210.3
1961	4,013.4	618.2	57.1	432.2
1962	4,583.7	628.6	38.1	452.7
1963	5,032.0	743.1	44.1	879.6
1964	4,917.5	811.5	8.7	1,022.6
1965	4,898.1	778.9	13.5	1,111.4
1966	4,779.2	867.9	42.5	1,317.5
1967	4,798.1	965.2	33.9	1,873.6
1968	5,809.1	1,048.1	39.4	2,473.2
1969	5,854.0	1,023.8	41.7	2,316.8
1970	5,777.7	1,161.1	106.5	2,684.1
1971	7,249.0	936.2	55.7	2,233.4
1972	8,984.8	1,190.8	11.3	3,049.4
PROJECTIONS—RISING RELATIVE PRICES				
1980	9,040.2	1,140.7	192.2	3,955.6
1990	12,084.1	1,049.2	192.2	3,552.6
2000	13,224.8	854.0	192.2	3,310.8
PROJECTIONS—1970 RELATIVE PRICES				
1980	6,087.8	1,238.3	192.2	4,203.6
1990	6,087.8	1,238.3	192.2	4,767.8
2000	6,087.8	1,238.3	192.2	4,929.0

[1] Lumber scale.
[2] Scribner log scale.

SOFTWOOD LOG EXPORTS FROM THE PACIFIC COAST, 1962–72

[Million board feet]

Year	Total	DESTINATION[1]			
		Japan	Canada	South Korea	Other
1962	348.7	324.0	23.2	0.4	1.0
1963	747.4	676.8	51.2	17.6	1.8
1964	848.2	753.0	67.0	25.5	2.7
1965	915.8	788.0	121.4	1.1	5.3
1966	1,146.8	1,060.4	58.7	25.1	2.6
1967	1,654.8	1,574.9	45.4	29.8	4.7
1968	2,232.9	2,105.2	46.6	61.8	19.2
1969	2,109.4	2,021.0	44.5	27.0	16.9
1970	2,459.7	2,367.1	28.0	32.3	32.3
1971	1,982.2	1,842.5	55.7	63.8	20.2
1972	2,780.4	2,521.9	170.6	47.6	40.4

[1] Data for Japan include Oregon, Washington, Northern California, and (for the years 1966–72) Alaska. Data for Canada include shipments from Oregon and Washington. Data for South Korea include shipments from Oregon and Washington. Data for "Other" include all other data not elsewhere classified for Oregon, Washington, Northern California, and Alaska.

Source: U.S. Forest Service reports.

SOFTWOOD LOG EXPORTS FROM OREGON, WASHINGTON, NORTHERN CALIFORNIA, AND ALASKA, 1961-72

[Million board feet]

Year	Oregon			Washington			Northern California			Alaska		
		Japan			Japan			Japan			Japan	
	Total	Total	Percent	Total	Total	Percent	Total	Total	Percent	Total	Total	Percent
1961	187.7	186.9	99.6	148.0	141.2	95.4	28.0	27.5	98.2	NA	NA	NA
1962	146.9	146.3	99.5	164.3	110.3	85.4	37.5	37.3	99.6	2.1	NA	NA
1963	297.4	295.3	99.2	411.7	343.4	83.4	38.3	38.1	99.4	9.0	NA	NA
1964	371.1	355.7	95.8	463.8	384.0	82.7	13.4	13.3	99.3	3.4	NA	NA
1965	282.9	280.2	99.0	618.1	494.8	80.0	14.8	13.1	88.5	11.0	NA	NA
1966	388.6	372.4	95.8	720.4	650.8	90.3	21.9	21.8	99.4	15.8	15.3	97.0
1967	502.3	488.6	97.2	1,069.4	1,005.6	94.0	43.3	43.2	99.9	39.5	37.4	94.6
1968	652.6	637.6	97.7	1,321.1	1,222.4	92.5	212.2	198.8	93.7	47.1	46.4	98.4
1969	561.5	550.7	98.0	1,309.3	1,238.6	94.5	206.7	200.8	97.1	31.9	30.9	96.8
1970	637.0	629.6	98.8	1,579.2	1,514.7	95.9	192.1	175.2	91.2	51.5	47.6	92.3
1971	517.4	513.3	99.2	1,319.8	1,197.0	90.6	102.4	93.3	91.0	42.6	38.9	91.4
1972	729.9	712.3	97.6	1,907.2	1,678.8	88.0	77.5	68.8	88.8	65.8	61.9	94.1

Source: Tables 11, 14, and 17: "Production, Prices, Employment and Trade in Northwest Forest Industries," Fourth Quarter 1972, U.S. Forest Service publication.

SOFTWOOD LOG EXPORTS BY PORT, 1964–71

[Million board feet]

Port	1964	1965	1966	1967	1968	1969	1970	1971
Washington:								
Aberdeen	50	167	158	291	343	377	356	298
Anacortes-Bellingham	57	78	60	54	39	68	86	105
Everett	56	64	75	139	187	163	275	221
Longview	84	73	84	102	155	138	153	128
Olympia	16	17	35	92	157	171	211	120
Port Angeles	54	89	119	192	207	182	243	213
Tacoma	97	116	178	255	291	237	356	323
Other[1]	297	90	65	53	78	69	72	41
Oregon:								
Astoria	55	108	165	217	257	176	219	194
Coos Bay	62	45	50	59	72	79	114	84
Portland	67	46	80	119	164	151	144	113
Northern California:								
Eureka	NA	NA	NA	NA	NA	114	94	66
Redwood City	NA	NA	NA	NA	NA	4	5	1
Sacramento	NA	NA	NA	NA	NA	77	73	35
Stockton	NA	NA	NA	NA	NA	5	3	0
Other	NA	NA	NA	NA	NA	5	18	0

[1] Includes "Other" from both Oregon and Washington.

SOFTWOOD TIMBER HARVEST AND LOG EXPORTS, OREGON AND WASHINGTON, 1964–71

[Million board feet]

Year	Harvest[1]		Export		Export as percent of harvest	
	Washington	Oregon	Washington	Oregon	Washington	Oregon
1964	5,204.5	7,082.6	711.4	183.8	13.7	2.4
1965	5,482.2	7,530.3	685.9	199.1	12.7	2.6
1966	5,044.6	7,118.8	814.6	294.5	16.1	4.1
1967	4,871.9	6,616.6	1,181.3	394.6	24.2	6.0
1968	5,793.9	7,840.5	1,456.9	492.8	25.1	6.3
1969	5,935.8	7,082.9	1,404.3	404.8	23.7	5.7
1970	5,569.2	6,196.9	1,731.3	477.1	31.1	7.7
1971	5,380.4	6,911.3	1,466.2	390.9	27.3	5.7
Average	5,410.3	7,120.0	1,182.6	354.7	21.9	5.0

[1] Harvest data are for the part of each State west of the Cascade Mountains.

Balance of trade analysis, softwood logs/lumber tradeoff, 1972

I. Log exports from the United States:	
Board feet (scribner scale) exported	3,048,400,000
Value of exported logs [all species] (per thousand board feet)	$128.55
Total dollar income derived from softwood log exports	$392,000,000
II. Substituted lumber imported from Canada:	
Board feet (lumber scale) imported—equal to 3.05 B Fbm log scale	4,879,000,000
Price of imported lumber[1] (per thousand board feet)	$151.30
Total dollar outflow for softwood lumber import substitute	$738,200,000
III. Loss in balance of trade due to logs lumber tradeoff:	
Substituted lumber cost	$738,200,000
Log export income	392,000,000
Net deficit in balance of trade	$346,200,000

[1] Price includes the value of transportation charges attributable to Canadian railway services (or other foreign freight).

SOURCES

Log export data: U.S. Forest Service and Department of Commerce.
Lumber import data—U.S. Department of Commerce and Interstate Commerce Commission.

EMPLOYMENT FROM LOG EXPORTING VERSUS DOMESTIC USE

Assumption [1]	Man-years of employment	Increase (+) Decrease (−)
100 percent export	5,606	
25 percent domestic use	2,279	−3,327
50 percent domestic use	4,963	−643
75 percent domestic use	7,518	+1,912
100 percent domestic use	10,027	+4,421

Nationwide impact—1972 Export Volume:	
Employment attributable to log exports	29,760
Direct employment	9,300
Indirect employment	20,460
Employment generated by domestic use	53,280
Direct employment	16,850
Indirect employment	36,630
Loss in employment from log exports	23,520

[1] Based on survey of impact of log exports from Oregon and Washington in 1971. Reported in "Log Export Controls," hearings before the Subcommittee on International Finance of the Committee on Banking, Housing and Urban Affairs, 1972, p. 305.

Note.—Indirect Employment data determined by multiplying direct employment by 2.2 (multiplier developed by University of Washington input/output study on log exports).

COMPARATIVE EXPORT VALUES LOGS VERSUS LUMBER

[Dollars per thousand board feet]

Year	Softwood logs	Softwood lumber
1967	88.91	111.22
1968	102.52	123.90
1969	117.44	147.70
1970	126.76	140.69
1971	126.99	153.18
1972	136.02	NA
Average	116.44	135.34

SOURCES

Logs—U.S. Forest Service data for exports from Oregon and Washington.
Lumber—U.S. Commerce Department data for exports from the United States.

SOFTWOOD LUMBER PRODUCTION IN AND EXPORTS FROM CANADA, 1965–72

Year	Production [1] (billion board feet)				Exports to United States (million board feet)		
	British Columbia		Other Canada	Total	Total [2]	British Columbia [3]	Other Canada
	Coastal	Interior					
1965	3.6	3.8	2.9	10.3	4,855.7	3,087.3	768.4
1966	3.7	3.6	2.7	10.0	4,730.4	3,545.4	1,185.0
1967	3.9	3.2	2.6	9.7	2,747.1	3,717.3	1,029.8
1968	4.1	3.7	3.0	10.8	5,750.0	4,240.0	1,510.0
1969	3.8	3.9	3.3	11.0	5,784.4	4,113.7	1,670.7
1970	3.8	4.0	3.1	10.9	5,722.5	4,199.4	1,523.1
1971	4.2	4.9	3.3	12.3	7,189.4	5,635.8	1,553.6
1972	9.5 [4]		NA	NA	8,877.8	6,454.4	2,423.4

[1] "The Demand and Price Situation for Forest Products 1971-72," table 25, page 71, U.S. Forest Service publication.
[2] Ibid., table 23, page 69.
[3] "Production, Shipments and Stocks on Hand of Sawmills in British Columbia," Statistics Canada publication.

(Note.—Totals include a very small—less than 0.1 percent of total—volume of railroad crossties shipments.)
[4] Total coastal and interior.

MODE OF TRANSPORTATION OF SOFTWOOD LUMBER IMPORTS TO THE UNITED STATES FROM BRITISH COLUMBIA, 1966–71

[Million board feet]

Year	Total	By truck	By water	By rail	Percent by rail [1]
1966	3,545.4	88.7	1,193.2	2,263.6	63.8
1967	3,717.3	75.7	1,314.8	2,326.8	62.6
1968	4,240.0	62.3	1,471.3	2,706.3	63.8
1969	4,113.7	93.7	1,284.4	2,736.0	66.5
1970	4,199.4	96.9	1,207.3	2,895.3	68.9
1971	5,635.8	115.5	1,715.8	3,804.6	67.5
1972	6,454.4	NA	NA	NA	NA

[1] Average, 1966–71—65.7 percent.
NA = Not available.

Source: "Production, Shipments and Stocks on Hand of Sawmills in British Columbia," Statistics Canada publication.

MODE OF TRANSPORTATION AND DESTINATION SOFTWOOD LUMBER EXPORTS TO THE UNITED STATES FROM BRITISH COLUMBIA, 1965–72

Year	Total [1]	By land to Washington; by water to west and gulf coasts,[2] (million board feet)	By water to Atlantic coast [3] (million board feet)	By rail to midwest and east coast
1965	3,087.3	321.4	1,151	1,614.9
1966	3,545.4	351.7	1,144	2,049.7
1967	3,717.3	515.7	1,140	2,061.6
1968	4,249.0	714.2	1,219	2,306.8
1969	4,113.7	765.4	1,056	2,292.3
1970	4,199.4	729.5	896	2,573.9
1971	5,635.8	1,010.3	1,120	3,495.5
1972	6,454.4	1,440.1	1,237	3,777.3

[1] "Production, Shipments and Stocks on Hand of Sawmills in British Columbia," Statistics Canada publication.
[2] "Production, Prices, Employment and Trade in Northwest Forest Industries," table 30 (4th Quarter, 1972) U.S. Forest Service publication. (Note.—Figures derived by subtracting totals in column three above from data in table 30.)
[3] Ibid., table 27

WATERBORNE LUMBER SHIPMENTS FROM U.S. PACIFIC COAST AND BRITISH COLUMBIA TO U.S. ATLANTIC COAST, 1965–72

[Million board feet]

Year	Total	From U.S. Pacific Coast		From British Columbia	
		Volume	Percent	Volume	Percent
1965	1,656	505	30.6	1,151	69.4
1966	1,518	374	24.7	1,144	75.3
1967	1,455	315	21.6	1,140	78.4
1968	1,547	328	21.3	1,219	78.7
1969	1,279	223	17.5	1,055	82.5
1970	1,149	253	22.1	896	77.9
1971	1,389	269	19.4	1,120	80.6
1972	1,504	267	17.8	1,237	82.2

Source: "Table 27: Production, Prices, Employment and Trade in Northwest Forest Industries," Fourth Quarter, 1972, U.S. Forest Service.

	Log exports from State of Washington (million board feet—Scribner)	Lumber imports into State of Washington from British Columbia (million board feet—lumber)
1967	1181.3	573.6
1968	1455.9	738.8
1969	1404.3	756.0
1970	1731.3	682.3
1971	1466.2	802.5
1972 (estimate)	2088.4	1,264.1

Source: Log exports: U.S. Forest Service data. Lumber imports: U.S. Commerce Department data.

SOFTWOOD LUMBER IMPORTS, BY SPECIES, 1967-71

[Million board feet]

Species	1967	1968	1969	1970	1971	Average (percent)[1]
Hemlock	1,135	1,256	1,200	1,166	1,302	21.0
Douglas-fir	926	1,047	929	1,885	1,229	20.9
Spruce	1,716	2,297	2,500	2,545	3,212	42.5
Other	880	1,069	1,097	70	1,383	15.6
Total	4,657	5,669	5,726	5,665	7,126	

[1] These figures are determined after calculating the average for the years 1967-71 for each specie; followed by a determination of the percentage of the total average represented by each specie.

Source: U.S. Department of Commerce.

IMPORTS FROM BRITISH COLUMBIA INTO THE WASHINGTON CUSTOMS DISTRICT, 1967-72

[Million board feet]

Species	1967	1968	1969	1970	1971	1972	Average (percent)[1]
Hemlock	83.6	76.3	86.8	78.7	111.8	152.4	12.2
Douglas-fir	164.8	194.7	173.1	172.5	152.7	216.0	22.3
Pine	60.6	101.2	105.6	106.8	124.2	246.2	15.5
Spruce	167.8	237.5	258.4	215.3	250.4	426.1	32.3
Western redcedar	83.3	116.8	118.1	98.3	153.6	185.4	15.7
Other	14.4	12.3	14.1	10.7	9.8	19.9	1.7
Totals	573.6	738.8	756.0	682.3	802.5	1,264.1	

[1] These figures are determined after calculating the average for the years 1967-72 for each specie; followed by a determination of the percentage of the total average represented by each specie.

Source: U.S. Department of Commerce.

DISTRIBUTION OF SPECIES IN THE LOG EXPORT MARKET

	Washington (percent)	Oregon (percent)
Hemlock	55.5	65
Douglas-fir	21.7	17
True firs	10.2	8
Western redcedar	8.1	
Port Orford cedar		6
Spruce	4.0	
Other	0.5	4

Source: Pacific Northwest Range and Forest Experiment Station, U.S. Forest Service—Washington data are for 1970; Oregon data are for 1968.

RAIL FREIGHT RATES FOR LUMBER FROM WEST COAST TO MIDWEST AND EAST COAST

From—	To—	Rate per 100 pounds	Rate per thousand board feet[1]
Coastal points:			
Seattle, Wash	Chicago	$1.94	$38.80
Vancouver, B.C	Do	1.94	38.80
Seattle, Wash	Baltimore	2.18	43.60
Vancouver, B.C	do	2.18	43.60
Inland points:			
Spokane, Wash	Chicago	1.90	38.00
Kamloops, B.C	do	1.90	38.00
Spokane, Wash	Baltimore	2.15	43.00
Kamloops, B.C	do	2.16	43.20

[1] Conversion of transportation rates which are expressed in cents per hundred pounds to thousand board feet (M fbm): Weight of thousand board feet of Douglas-fir 2 by 4's (kiln dried) is about 2,000 lbs. per thousand board feet.

Note.—Data received from Interstate Commerce Commission per request—Feb. 21, 1973.

AVERAGE SELLING PRICES FOR DOUGLAS-FIR NO. 2 SAW LOGS, PACIFIC NORTHWEST-BRITISH COLUMBIA, 1961-70

[Dollars per thousand board feet]

	Western Washington and northwest Oregon	British Columbia
1961	62.89	65.60
1962	61.50	72.50
1963	62.50	78.00
1964	64.60	80.10
1965	66.20	81.70
1966	66.10	80.90
1967	69.20	77.50
1968	80.50	79.80
1969	95.40	90.60
1970		85.90

Note.—Data are not directly comparable due to the fact that the Pacific Northwest log prices are for log transactions at a variety of points along the distribution process, while British Columbia log prices are f.o.b. tidewater and have already included most log haul costs.

JAPANESE IMPORTS OF SOFTWOOD LOGS

[Million board feet]

	1960		1966		1967		1968		Change, 60-68	
	Volume	Percent	Volume	Percent	Volume	Percent	Volume	Percent	Volume	Percent
North America	186.8	47.1	964.9	58.8	1,481.2	59.3	2,224.3	62.3	2,037.5	+1,091
USSR	154.2	42.7	513.5	34.4	876.6	35.1	1,043.8	29.2	889.6	+577
Oceania	40.0	10.2	109.9	6.8	141.9	5.6	300.4	8.5	260.4	+651
Subtotal	381.0		1,588.3		2,499.7		3,568.5		3,187.5	+8[illegible]7
Other	NA		29.1		33.6		NA		NA	
Total	NA		1,617.4		2,533.3		NA		NA	

NA = Not available.

Sources: 1960 and 1968—1969-70 Yearbook of Forest Products, FAO. 1966 and 1967—1968 Yearbook of Forest Products, FAO.

Year	Private harvest	National forest		BLM		State	
		Harvest	Stumpage	Harvest	Stumpage	Harvest	Stumpage
Oregon:							
1967	3,833	3,181	$36.92	1,092	$36.97	127	$32.10
1968	4,354	3,642	44.23	1,470	47.23	161	55.75
1969	4,165	3,464	68.64	1,206	70.33	200	48.78
1970	3,874	2,632	30.12	1,037	42.02	150	35.52
1971	4,230	3,197	35.30	1,340	47.06	158	36.76
3d quarter 1972			(60.30)		(74.44)		(55.53)
Washington:							
1967	3,311	1,599	27.63	3	30.78	467	34.38
1968	3,856	1,795	39.68	4	39.38	681	55.88
1969	4,230	1,519	48.36	3	44.03	744	74.66
1970	4,045	1,378	30.06	2		602	52.15
1971	3,946	1,261	25.53	4	33.63	722	46.42
3d quarter 1972			(48.35)		(50.42)		(86.79)

NOTES

Harvest figures are in million board feet for the entire State.

Stumpage figures are in dollars per thousand board feet for the western half of each State (that portion of the State prone to entry into the export market).

One will readily note the extent to which the stumpage values of State of Washington timber is consistently much more than that on other public timber sales. This is safely attributable to the fact that State of Washington timber can freely enter the export flow; while there are restrictions on all other public sales.

COMPARISON OF FEDERAL TIMBER SALES WITH AND WITHOUT EXPORT VOLUME, 1972

National forest	Douglas-fir			Hemlock and other		
	Volume (million board feet)	Adv (dollars)	Bid (dollars)	Volume (million board feet)	Adv dollars)	Bid (dollars)
Snoqualmie (w/s):						
Sales w/o export	8.2	76.05	90.84	28.1	42.30	50.96
Sales with export	25.7	52.79	70.85	88.5	33.45	74.52
Total	33.9	58.44	75.71	116.6	35.58	68.84
Gifford Pinchot:						
Sales w/o export	138.6	73.28	87.51	61.1	38.23	44.60
Sales with export	58.1	74.79	92.16	85.1	39.15	100.56
Total	197.7	73.72	88.90	146.2	38.77	77.18
Mount Baker:						
Sales w/o export	14.6	51.07	54.58	23.4	32.00	35.68
Sales with export	9.6	59.46	76.53	56.1	30.14	81.55
Total	23.9	54.42	63.35	79.5	30.69	68.06
Olympic:						
Sales w/o export	39.7	52.51	61.88	69.6	36.67	54.04
Sales with export	101.6	45.18	48.22	124.6	17.54	20.34
Total	141.3	47.24	52.05	194.2	24.40	32.74
Mount Hood:						
Sales w/o export	161.3	45.71	63.00	95.8	26.78	33.37
Sales with export	86.3	46.12	67.27	71.1	17.83	33.09
Total	247.5	45.85	64.49	166.9	22.97	33.25
Recapitulation:						
Sales w/o export	362.2	57.91	72.56	278.0	33.78	42.99
Sales with export	252.2	52.85	66.81	425.5	26.88	58.01
Total	644.3	55.69	70.04	703.5	29.61	52.07

Source: U.S. Forest Service.

U. S. GOVERNMENT PRINTING OFFICE : 1973 O - 94-734