

pany at one time, because of its need, and this is prior to 1961, because of its need for acquiring certain species, attempted to develop a program to bring what were termed surplus logs from Alaska, to try to work this through and with the U.S. Forest Service. However, we were unable to do so, due strictly to the situation which prevails there, one which they have consistently adhered to for a number of years.

We also have had experience in British Columbia. Our experience there in purchasing logs certainly is, as far as we are concerned, very definite that you cannot take round logs out of British Columbia unless they are in surplus. We think that the circumstances that prevail where we are located with the established manufacturing capacity, and I mean our company as well as the rest of the wood processing industry in Washington in Oregon, with this Government policy which leaves the door wide open for the export firms into the national forests of Washington and Oregon is unrealistic. We must consider that much of the installed capacity in this region was established there because the owners and the operators were in effect gambling that they could be successful in maintaining operations by acquiring much of their needed raw material from these national forests.

In the current situation which you have outlined with respect to the sale of logs in export, it is one that is certainly brought about by the attempts on the part of the operators to maintain themselves in a competitive position, to keep the mill operating even perhaps on a one-shift basis upon the poorer grades of logs and then cut down their raw material costs by exporting the better grades.

I just would like to add another point here, Mr. Chairman, in this respect. In 1961 my company, when the export of logs began to accelerate, saw that it started out on some of the rather low grades. However, it did reach up into the No. 2 grades. We were able to shift somewhat in the quality of log that we could use to a No. 3 grade of log. However, in the past year or so, the purchasing for export of logs by the Japanese buyers has definitely reached down, as we put it, into the grade of log we were able to use, and this has also hampered our efforts to acquire open-market logs.

We also know that it is a very definite problem for mills, such as sawmills or studmills that customarily use this No. 3 grade of logs also, and I am speaking of hemlock, Douglas-fir, and all species, the competition for all types of logs today is very real.

Senator MORSE. Mr. Johnson, first may I say to my colleague, Senator Mansfield, I apologize to him for taking so much time.

I have a couple more issues I want to discuss with you, but the reason I am doing it is this: I think we have now reached the point in these hearings where we have already a sufficient body of testimony to start drawing the lines together into a condensation of the issues that have been raised.

I shall get into the Canadian competitive issue with you shortly, but before I do that I want to continue the line of questioning that I have been on for the last few minutes.

As you know, members of this committee have made very clear to the lumber industry and the workers in the lumber industry, and then to the representatives of the administration, including the group of negotiators that the administration selected to negotiate with the Japanese in December, that we are not taking the position that all exports