

could do at this point is to supply you our observations after a more intensive review of these bid records.

Senator MORSE. But Mr. Johnson, when Mr. Houlihan said that overbids which take into account quality, difficulty of access and other relevant factors are generally lower in western Washington, where approximately 75 to 80 percent of the exports originate, than they are in western Oregon, does that change in any way the fact of the testimony that you have already given, that the bids in western Washington are so high that it puts the mills in a position where they cannot operate in the black, if they pay the prices that the Japanese paid for timber, for logs in western Washington? Isn't that the issue that faces you rather than a question whether or not the bids somewhere else may be lower or higher? Your testimony is that what you have to pay in western Washington, taking into account the very factors that Mr. Houlihan testified about—access and the problems of getting out the timber, whatever they may be, but also the Japanese bids—is a price so high that you can't buy the logs and operate your mill economically. Is that true or not true?

Mr. JOHNSON. Absolutely true.

Senator MORSE. And therefore it doesn't make any difference to you, buying in western Washington, what the bids may be in Willamette Forest or any other forests. The only issue you have to face as a mill operator is whether or not the high Japanese bids in the particular sales in which you have to bid against them in order to try to get logs happens to be so high that you can't operate economically. Is that true?

Mr. JOHNSON. That is correct.

Senator MORSE. And you have already testified that in 20 sales in which you bid, you found the price so high that you could buy only in one sale, at \$36 for hemlock. And that price, you testified, was so high that it resulted in economic problems for you in manufacturing that hemlock into finished lumber. Am I correct?

Mr. JOHNSON. Yes.

Senator MORSE. Thank you very much. I want to thank you very much for your testimony.

Mr. JOHNSON. Thank you, Mr. Chairman.

Senator MORSE. Before I call the next witnesses, I want to put in the record a statement from Congressman Brock Adams. In fact, since Congressman Adams couldn't be here this morning, I think it will be helpful to those in attendance at the hearing to know the contents of his statement. It is only two and a half pages. I am going to read it. I have already put in the record the statement from Congresswoman Hansen. Mr. Counsel, we are about to hear a series of Washington witnesses, of whom, incidentally, Mr. Johnson was one and Mr. Thompson yesterday and Mr. Bert Cole the day before. I would like to put all the Washington congressional statements that are filed in the record at this point. I have been informed this morning that some members of the delegation will appear personally to testify before the hearings are over, but as of now I would like to read Congressman Brock Adams' statement, as it will take me only a few minutes to read it.

The Congressman says: