

Alaska are considerably higher than the logging costs in Washington and Oregon.

Representative WYATT. Isn't there still a great disparity though, between the cost of the log at the mill?

Mr. DAVIDSON. Well, there is when they are run up to \$90 and \$100.

Representative WYATT. That is what we are facing.

Mr. DAVIDSON. Yes, but that is because of a condition which I am saying that you all should rectify. If you do not allow this competition of round logs, your stumpage prices would come down to where you have a comparable figure. You must also realize that we are far from any markets. All of the lumber comes up to Alaska that is needed for kiln-dried lumber. There are no kiln-drying establishments in Alaska. All comes from the lower 48. We must have transportation before Alaska can compete. You have to go 600 or 800 miles further by ship just to get down to Vancouver and the Seattle area. Japan is a natural and logical market for Alaska, and I do not want to have any misunderstanding of that, and it is one that we appreciate and like. But we would like a little competition.

To specifically answer your question, I think that it might make us a little more competitive to Washington and Oregon, but we have a long way to go to get our costs down.

Representative WYATT. You talk about what should be done, and your proposed solution is very interesting, but I am sure you recognize, as well as anybody, how difficult of solution this is as an accomplished fact?

Mr. DAVIDSON. Yes, I do.

Representative WYATT. And that as a practical matter it is impossible to solve it this way, then we would have a situation where you would have a great disparity in stumpage costs?

Mr. DAVIDSON. Congressman, this is the great luxury one has when he is not a Congressman and not a Senator and not a Government administrator. One can say—why don't you do it?

Representative WYATT. You are not interested in a mill at the present time? You are not an operating millowner at the present time?

Mr. DAVIDSON. I am just trying to practice law.

Representative WYATT. Thank you, sir.

Senator MORSE. Congressman Ullman, do you have any questions of Mr. Davidson?

Representative ULLMAN. Mr. Davidson, I regret I did not hear all of your testimony, but I have read your statement and I think you have made a very valuable contribution. I would just like to know this. We are talking about primary manufacture. We are talking about cants, aren't we?

Mr. DAVIDSON. Yes, cants are included in primary manufacture. The Forest Service defines what is primary manufacture. They can bring it down to the baby squares which our mill is producing, or they could leave it at what it is, 8 inches or 12 inches wide. In other words, what is termed primary manufacture is somewhat flexible. It means, though, that in addition to cutting the tree down, it is going through another process. It goes through a sawmill or goes through a chipping plant or goes through something.

Representative ULLMAN. Is it your feeling that the rule for primary manufacture should be the same in Oregon and Washington as it is in Alaska?