

Mr. DAVIDSON. Yes, that is my position.

Representative ULLMAN. I may have some great reservations about that. I think primary manufacture might be a good solution, but the reason that you go to that, Alaska needs to overextend itself to lower the barriers is because it so desperately needs to attract industry and I for one want to help the people of Alaska in every way that I can, because I am well aware of their problems. We in Oregon have comparable problems, but on a lesser scale. And so for those who are struggling to get along I think it is great.

But in the State of Oregon we have much more advanced lumber industry. Don't you think there could be a justification made for a different scale of primary manufacture?

Mr. DAVIDSON. Congressman Ullman, perhaps you misunderstand me in the definition of primary manufacture. I do not mean to preclude it going further. I just say that as a minimum the log has to go through a sawmill or chipping plant. Now, this does not mean that in the Oregon and Washington sawmills one would not go on and produce dimension lumber—that you would not produce the kind of lumber needed for the house construction. That is much better—much better for the economy than only primary manufacture.

Representative ULLMAN. Do you think a possible point of negotiation would be one whereby you instituted your kind of primary manufacture, but made it clear that over a period of years you would gradually scale up the minimums?

Mr. DAVIDSON. And this is exactly what we think the Forest Service will do in Alaska. Now, they are willing to let us get by with the big cants. I do not think any intelligent person in the wood products industry in Alaska thinks that this is going to continue forever. As we get more mills in there, greater competition for the timber, their requirements will get tougher, and it may very well be that in Washington and Oregon they would require that primary manufactures constitute something more than in Alaska.

Representative ULLMAN. This is my original question. I appreciate your bringing it up.

Mr. DAVIDSON. Yes. But the only point I am making in this testimony is that the present policy of letting round logs go out of Washington and Oregon to Japan has as its consequence that the mills are shutting down in Washington and Oregon, because they cannot compete with the round logs going to Japan. To me this is a very foolish policy, because we need the jobs and we should supply our own market. Let us not throw these things away.

Representative ULLMAN. I think that is good. However, I don't know completely about the economics of the matter, but it would seem to me that if you are just talking about cants, which is such a primitive type of manufacture, that the difference in what they get for a log, a round log, and what they get for a square one probably is not enough to make this a major source of payroll.

Mr. DAVIDSON. I am glad you brought this out, because I want it definitely on the record that this is just a minimum requirement. I would say rather than a round log going out now, bring it down to at least a cant. But I would make primary manufacture go as much further as you possibly could.

Representative ULLMAN. But then the way we could salvage the industry would be to start with the very minimum.