

Senator MORSE. What is your testimony in regard to the nature of primary processing on logs that are shipped to Japan? In what form are the cants when they leave Alaska mills for export to Japan? Is it true that the processing is a matter of form and not of substance?

May I say that when I raise these questions, I raise no question as to the veracity of any witness nor of their observations. However, whenever I am presiding over a case, and there is a conflict in the statement of facts, I think I owe it to the committee and to the witnesses to get clarification in the record.

I do not question the honesty of either witness. But, you know very well that individual witnesses can be placed in circumstances where one sees something and another sees something else. All you have to do is go through an automobile accident case to know how witnesses can vary, each testifying as to what they actually did see but they saw a different thing. What I have to find out from the standpoint of my committee is how much primary processing takes place on these cants, and is the practice one that might be characterized as really a manufacturing subterfuge in order to get under or within a regulation that requires primary processing.

Mr. MACDONALD. May I answer your question as I understand it?

Senator MORSE. Take your time. You may answer.

Mr. MACDONALD. Let us put it this way. I believe the manufacturing, primary manufacturing policy calls for maximum size that will go through a 10-inch edger. Now when you put a cant through a 10-inch edger, you can set those saws and cut it into 1-inch boards with no extra time required. It is just a matter of setting the saws and bang, it goes through the edger and it comes out in 1-inch boards, except those boards are not saleable in Japan even at anywhere near the price that we can get for what we call waney woods which is cants, so I think nothing could be gained by cutting it up into small pieces, into 1-inch boards. It might mean one or two more men on the green chain and that is all, and it would drop the value of it that is there in a thicker cant, because the Japanese mills that remanufacture this have very thin saws, and their labor of course is quite low, and they are able to manufacture these larger cuts which we call cants into any market or any field that they wish. So it becomes more desirable to them and they will pay more money for it in the cants than they would in the 1-inch boards. In fact we could not sell 1-inch boards to Japan. Does that answer your question?

Senator MORSE. Partly. In, however, putting those cants into the form and shape that they need to be put in in order to be exported to Japan and meet the requirement that there must be primary processing, are they cut on four sides or are they cut on two sides? Is the bark taken off of the two sides or four sides? Are they squared out or do they simply go through the edger, and the edges taken off on two sides?

What I am trying to get you to tell us on the basis of your own experience as an operator, as to whether or not this primary processing is one that is carried out by way of an operation that squares these cants on two sides or four sides. In other words, is this process, generally, what Mr. Davidson testified to when he said that he packaged four by fours or what Mr. Van Brunt described as a 2-sided squaring? You heard his testimony?

Mr. MACDONALD. Yes.