

from Alaska. Alaska they are not even shipping what the industry considers for general cants. They are not four-sided surfaces. They are only two-sided surfaces and sometimes you must have a vivid imagination to even see those two sides that have been touched with a saw. They are what is termed primary process, that is they have been touched in some manner by a saw. I have seen some of them or a great number of them that were sawed into three pieces. The center piece most certainly was sawed on two sides, but the two outside parts that were back on it were simply slabs. However, this is not the average. The average is canted, that is the two sides cut, not surfaced. These are then put into rough packages and shipped to Japan and they are then cut into some type of finished product.

You get these two points of view between and among witnesses. Do I understand correctly now, Mr. Daly, that it is your testimony that it depends upon the size of the log—whether you are dealing with a large log or a small log?

Mr. DALY. Senator, all I can say really, I mean there is no way to solve this argument unless you actually come up there and look at it, but we do as much as we can to the log before we ship it, within the price restrictions on the log, and we comply with primary manufacturing requirements, and I do not think, or I disagree with whoever said it, that it is form rather than the substance. The restrictions are laid down and we comply with them, and there are a group of us that are going over to Japan as soon as we can, today or tomorrow, and we are going to meet with our buyers to—as Mr. Van Brunt said yesterday and I entirely agree with him. The more you can do to a log, the more labor you put in it, the better off you are, the higher quality product you sell, and that is exactly what we are trying to do. We are trying to increase the value of our product to Japan.

Senator MORSE. I think this exchange has been helpful. You are welcome to file any supplemental statement for the record on this point that you care to.

Mr. MacDonald talked about the big fire in interior Alaska. We of course have been plagued with forest fires in Oregon. We had the Oxbow fire, the Tillamook burn, serious burns last summer. Following our burns the Forest Service and BLM have been very cooperative in helping us to salvage programs trying to get as much of the burned-off sumpage out as possible. Is there any salvage operation going on in Alaska at the present time in regard to your big interior burn?

Mr. MACDONALD. Not to my knowledge on a large scale. I am not familiar with the interior. It is like being in another world, because of the vast mileage involved, so we do not get back and forth very much, and I am unable to speak from first-hand knowledge other than what I read in the press. But I believe there are very few mills in the interior, and those that are in existence are very small and cater to just very narrow markets, so I could not answer that question.

Senator MORSE. The Washington Post this morning, and I hope participants in the hearing will take note, has a story which says:

The Department of Agriculture has cut its budget by \$389, of which \$21.5 million will come out of the Forest Service budget.

This is a newspaper story. I do not know what the official statement of the Department is. The chairman takes notice of the story, and certainly all in the lumber industry should do the same. I hope that the Department of Agriculture witnesses next Tuesday will be prepared to advise us if there is a \$21.5 million cut out of the forest budget, what services are going to be cut: whether this means cuts in