

moved out. And how do you regenerate that community and that plant, once the timber is flowing in another direction? You don't. Once you lose it, kiss it goodbye, because it's gone.

You have heard today that one of the causes of trouble in our domestic industry is that the American market has been soft and the logs are being sold abroad because we don't have enough markets at home to support our industry. That's interesting, if true.

Let's examine it a moment. First, Canadian producers shipped into the United States last year something like 4.4 billion feet of lumber products, 3 billion feet of that by rail, so let's not discuss the Jones Act in relation to this, though the Jones Act does need discussion.

Now, how were they able to ship more than 4 billion feet in our market, which some claim was too soft to support the domestic manufacture of our logs? They were able to outsell the American operators because they can sell cheaper. The Canadian Government wants its forests products industry to prosper and provides a stable base to enable it to do so.

Forest products are among our most basic raw materials for the American economy. In the case of another basic raw material—steel—when that industry tries to raise its prices 5 percent or so, the roof blows off the White House and the President's Council of Economic Advisers have some very harsh things to say about steel. Where was the Council of Economic Advisers when our stumpage prices were jumping 46 percent in Oregon and Washington?

It is naive for us to say or think the Canadians can sell cheaper in our country because of any reason but one—they have cheaper stumpage, a cheaper raw material than we in the United States do, and they have the lower cost because the Japanese are not in their woods competitively bidding up the price of Canadian timber. The Japanese are "not there" because a Canadian law forbids the export of all but "surplus" logs from Canada.

With only their own mills competing on their timber and this on a cutting circle basis, the Canadian manufacturers can cut and ship and sell that timber at prices we in the United States cannot meet, so long as we must bid against the Japanese export market, a wood products market, and, I want to add, in which we have no competitive marketing basis because the Japanese don't want to buy our finished products and won't buy them as long as they can get our logs.

We hear from time to time that the reasons the Canadians are able to sell in the Japanese market is that they are able to "cut to Japanese standards" and somehow American mills either don't know how or would rather go out of business than meet these standards.

It somehow seems ridiculous, and an insult to the intelligence of the listener, for the Japanese to say, as they have said in talks on the west coast, that the Canadians cut to their standards, the Americans don't.

Crown Zellerbach cuts in Canada, Weyerhaeuser cuts in Canada, and so does United States Plywood and Georgia-Pacific. Does it seem reasonable to assume that their Canadian mills can out-perform their American mills? No. Does it seem reasonable that they have competent and capable mill operators in Canada and keep the "nincompoops" at home to run our domestic mills? No.

The reasons the Canadians sell the Japanese lumber—more than 10 times as much of lumber as Oregon and Washington and California