

of things under such circumstances that may be necessary for the Government to do to check the inflation. But, I am simply raising at this point the question as to whether or not if we end up in the next few years with such a depletion in the number of mills, small mills in the present lumber communities of the States of Washington and Oregon, that very fact itself may be contributive to some increases in cost?

Dr. SUMICHRAST. Well, of course, we are faced with a number of problems. Lumber is a large segment of our construction costs. The problem is that in addition to increases in material prices, we have been faced with a rather dramatic increase in land prices of about 15 percent every year. Then the price of labor increased quite substantially, probably at the rate of about 8 to 10 percent a year. When you then add to this the increase, or possible increase in the lumber prices I would guess this would have a tendency to shut out a lot of lower and middle income families from buying a house.

When you look at the medium-price range of homes, you could see an increase from about \$16,500 in 1962 to \$23,500 in 1967. Now remember, this is a medium-priced house; when you try to match the price with the income of people, then you can say that we are unable to provide accommodation for a rather substantial amount of low-income and middle-income families. Anything which increases the price of homes to the consumer will, of course, retard the potential demand. This is one of the basic problems which we have.

Senator MORSE. I thank you very much.

May I say to Senator Hatfield I am sorry I finished my examination of the witness before calling on you, but I started before you arrived and thought for the interests of continuity that I should finish it.

Do you have any questions?

Congressman Dellenback?

I want to thank you. It has been very helpful testimony.

Dr. SUMICHRAST. Thank you sir.

(The prepared statement of Dr. Sumichrast follows:)