

Mr. McCracken. Yes.

Senator MORSE. And other areas that produce finished lumber.

Mr. McCracken. Yes.

Senator MORSE. Have any overtures, to your knowledge, been made to our lumber industry by the Japanese companies that import American logs indicating that they would be interested in working out a combined formula here, whereby a ceiling would be placed on exportation to them of round logs to be accompanied by the importation by them of a certain quantity of finished lumber?

Mr. McCracken. I don't know of any such approaches, Mr. Chairman.

Senator MORSE. It might be, though, in view of what you have just pointed out concerning the report of the Treasury staff, that they might know of some such overtures on the part of the Japanese.

Mr. McCracken. They may; yes.

Senator MORSE. In preparation for the upcoming negotiations with the Japanese on February 20, do you think our negotiators owe it to the industry interests and to the general public to lay down at the opening of those negotiations, a set of proposals to be offered by the United States that would be based upon proposing a floor below which we will not go in regard to the amount of round logs to be exported to Japan in the immediate future?

Mr. McCracken. Yes; I certainly do think the administration owes that to the working man, and to the industry in the Pacific Northwest, if not the Nation.

Senator MORSE. Do you think the Japanese negotiators are uninformed in any known detail as to what the American industry considers the problems to be, or that the record of this hearing shows what witnesses before the committee believe the problems to be?

Mr. McCracken. Do I think they are uninformed?

Senator MORSE. Do you think they will be in any way uninformed as to any detail?

Mr. McCracken. I doubt that they will be uninformed. I think they will be informed in detail.

Senator MORSE. There seems to be two points of view with respect to the forthcoming negotiations. The first is that the February 20 meeting must devote some time to the preliminaries as to what are considered to be the problems in our country. The second is that these meetings should start out negotiating on the respective proposals that the two countries would like to offer as a basis for reaching an acceptable adjustment of their differences. What is your opinion?

Mr. McCracken. I would not think, Senator, thanks to this hearing, that there would be need to have much time wasted on preliminaries. I would think they could get right down to business.

Senator MORSE. You were included, along with the chairman and your colleagues in the industry, in briefings that followed the negotiations that were held between our Government representatives and the Japanese Governments in December, were you not?

Mr. McCracken. My colleague, Mr. Netzorg, here was representing me at that point and briefed me, that is correct.

Senator MORSE. Mr. Netzorg, will you agree with the chairman that the briefing we received—Mr. Hagenstein and others here today were also there—was an explanation to us that the discussions in December