

Government, to act within the laws as they now exist to place some restrictions on the shipment of logs to Japan.

Two questions on that problem, Mr. Hodges:

Are you satisfied that there is such an agreement among the lumber operators in the Pacific Northwest, "large" and "small," to use the terms frequently used to describe them, that there shall be no reason for concern that this voluntary agreement approach would be adequate to avoid any abuses that might otherwise develop as between the restrictions on Federal logs and taking advantage of the Federal Government in regard to the exportation of private logs?

Mr. Hodges. The larger operator and larger private owners are so much in the spotlight that I don't imagine, whether they had an agreement or not, that they would try to conduct "wash sales." I mean by that, replacing their private timber with Federal timber in order to keep their plants running.

I think that the law that says that Federal forests are created for the benefit of the citizens of the United States and two or three other laws give our agencies the authority to restrict the export of Federal timber and it would clearly be violated if a private owner conducted a "wash sale"; that is, exported his private timber and bought Federal timber to replace it. He would be violating the intent of that law.

I would assume that when the regulation or the rules that are issued by the Forest Service and the Department of Interior are written, they would state the purchaser would have to agree that he would not do that.

And, furthermore, I think he would have to agree, if he did that, that he would be prohibited from buying any future Federal timber. It seems quite plain to me that it would be a clear violation of the intent of the law.

Senator MORSE. Your answer makes my second question unnecessary. I was going to discuss with you whether or not if this kind of abuse developed, there would be the authority for stepping in and preventing that abuse from continuing.

I completely agree with you that there would be. I am perfectly satisfied with your answer.

I have no further questions.

I want to thank both of you for bearing with me so we could finish this roster of witnesses today. We will start tomorrow morning at 10 o'clock with the Government witnesses, and we will stay in session until we hear them all.

(Whereupon, at 7:15 p.m., the committee adjourned, to reconvene at 10 a.m., Tuesday, January 23, 1968.)