

should do about this log crisis, read the testimony yesterday of Mr. Joe McCracken, which contains data and argument, I think of great importance. I feel that it ought to be considered by the executive branch and will certainly be considered by this committee.

This is what he says in essence, that for the past 1-year period, the average price rise in Federal sales for the various specialists in 1967 averaged more than 18 percent above prior 5-year highs.

Do you consider that that is some indication that the lumber industry in my State, when it comes to exportation of logs is confronted with an inflationary trend?

Mr. NEHMER. Well, Senator, I would think we would need to know—and I don't want to be difficult in my answer at all—whether this is an average for all species, for example, or for one particular species, or in other words, whether the situation that is described price-wise, would apply to all softwood logs in the Pacific Northwest.

I think we would need also to look at the softwood log picture price-wise, in a case like this, in the southern areas of the country; and to what extent there is an exchangeability or fungibility between these different species and supplies would certainly have to be determined.

I would say that, on the surface what you have indicated is a significant rise.

Senator MORSE. I strongly recommend that you read Mr. McCracken's statement because I think he will answer the questions you raised.

Mr. NEHMER. I will read it.

Senator MORSE. There is a good possibility that his testimony will answer all the conditions that you have just listed that ought to be considered by you in determining whether or not there is i.e. "short supply" in terms of the statute. My conclusion from his testimony is that one of the problems that created the crisis is as result of the pricing practices of the Japanese and the amount of money they are willing to bid. They have contributed to an inflationary spiral in the whole matter of the purchase of softwood logs in various species. Mr. McCracken put in the prices in regard to the various species, as I recall, and when you check his testimony I think you will see it.

Therefore, I am inclined, for that reason and others, not to share in the conclusion that you state in your testimony this afternoon, that the Export Control Act wasn't applied because there wasn't a finding of short supply.

On November 16, 1967, I wrote a letter to the Secretary of Commerce, a copy of which is already in the record, and I received a reply. You have to have a lighter moment now and then, Mr. Secretary—I am ribbing you a bit, good-naturedly. I received a reply under date of November 28, 1967. Then I received a report from the Department of Commerce, "Recent Trends in the U.S. Export of Logs, Lumber, and Other Wood Products."

My copy doesn't contain a date, and for documentation purposes, it is always helpful to tie either a letter or document down to a date. But I am just teasing you a bit when I make this reference because I know we can find out what the date is.

What I am interested in is the content.

I read from the Secretary, or the letter that was written in behalf of the Secretary, signed by Rodney L. Borum, Administrator: