

The Federal Energy Administration has for some time been considering a revision in the octane posting regulation. The Committee recommends that the new regulations be issued as soon as possible and that it include the following provisions:

(1) The octane rating should be conspicuously posted on all service station pumps.

(2) The posted rating should correspond with that which appears in the largest possible percentage of owners' manuals for cars now on the road (the proposal made by the Public Interest Campaign of Bethesda, Maryland, to the Federal Energy Administration that the posted rating be the "average number plus 4" appears to meet this criterion).

(3) Car manufacturers should be required to include in all future owners' manuals the figure corresponding to the posted rating. In addition, the Federal Government should launch an extensive public education campaign to reduce buying of unnecessarily high octane fuel.

The Committee believes that the implementation of these recommendations would produce major public benefits in the form of energy conservation, reduced lead emissions, anti-inflationary reduction of consumer spending, and improvement in the Nation's balance of payments. It would appear that most of the recommended steps could be taken in a matter of weeks and start producing benefits immediately thereafter.

The Committee stands ready to assist in efforts to encourage citizens to conserve energy by purchasing gasoline with the proper octane rating.

A copy of this letter is being sent to the Secretary of the Interior, the Administrator of the Federal Energy Administration, the Chairman of the Council on Environmental Quality, and the Administrator of the Environmental Protection Agency.

Sincerely,

HENRY L. DIAMOND,
Chairman.

(WRC-TV Editorial)

OCTANE RATING

Federal rules and regulations require gasoline filling stations to display a sticker on each pump showing the octane rating of the fuel. Too many of them don't, or they are placed on only one side of the pump. Some stations have put up a paper sign that has faded or been washed away by rain.

Tougher regulations are needed with strict enforcement to protect the consumer.

But even with highly visible octane rating stickers—what you see is not necessarily what you get in terms of what your car needs to operate efficiently and economically.

The owners manual may recommend 91 octane, but another system called Motor Use Number says 84 will do. So the Federal Energy Office, in its wisdom, took the two figures, added them together, divided by two and came up with a rating of 87, and that's the one you see on the sticker, if you can find the sticker.

The motorist thinking he needs at least 91 octane, and not seeing it available buys the next highest quality, perhaps 94. He could have used 87, but he doesn't know that.

Millions of gallons of precious gasoline are thus wasted and hundreds of millions of dollars are thrown away in over-buying.

It is up to the Federal Energy Office to end this ridiculous confusion.

One further word. It won't make much difference if there are stickers or that the octane ratings are accurate if motorists don't continue their voluntary conservation of gasoline. Without that this area and the nation will be right back in long lines and restricted gasoline purchases within a very short time.

It is up to you—conserve or suffer.

CCXI—787—Part 10

GENERAL LEAVE

Mr. D'AMOURS. Mr. Speaker, I ask unanimous consent that all Members may extend their remarks and include extraneous material on the subject of the special order today of the gentleman from Michigan (Mr. DINGELL).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

DEPRESSION IN THE FOREST PRODUCTS INDUSTRY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. AU COIN) is recognized for 5 minutes.

Mr. AU COIN. Mr. Speaker, I would like to call the attention of my colleagues to the severely depressed economic condition of the forest products industry and to the implication this will have for our long term supply of wood products.

Residential construction accounts for nearly 50 percent of the softwood and 35 percent of all wood products in the United States. Unemployment in the wood products industry was 17.8 percent in January, and this industry ranked fourth among all industries in total number of workers unemployed. Some 291 Western lumber mills had curtailed production in early December, with 90 of them shut down completely.

I am concerned about what this means for the future of the wood products industry. The industry giants have capital reserves, extensive timber holdings and worldwide operations that offer them at least some protection against the periodic slumps in housing starts, but even for them, the future seems grim. For many small companies which lack these advantages, however, the end either has come or is approaching rapidly.

I find no intrinsic danger in largeness of firms, per se. But unless some answers are found, it is clear that we could face the same domination of wood product supplies that now exists for petroleum: Domination of the entire market by a few multinational giants. I do see danger in that development.

To emphasize the seriousness of the present situation, I enclose a profile of the current slump and its effects on western Oregon, much of which I represent in the Congress. The article, written by John W. Wilson, first appeared in the April 14 issue of Business Week magazine.

OREGON LUMBERMEN REALLY FEEL THE PINCH

(By John W. Wilson)

Tillamook, as anyone on the West Coast will tell you, is known for its cheese, a nippy cheddar made in the cooperative creamery set among the neat dairy farms just outside the city limits and sold by mail order all over the West. But this compact, rain-washed town of 4,000 has lately achieved a new notoriety: It and its surrounding county has had the highest unemployment in Oregon. One out of five is idle.

The reason is that cheese doesn't keep Tillamook going; wood does. And with a profound depression in the housing industry, the 42 sawmills, plywood plants, and logging

operations on which Tillamook depends for its livelihood are in desperate straits. Wilson River Lumber and Oregon-Washington Plywood Co. have both closed down their mills. And Publishers Paper Co. has laid off about 100 men.

In a converted blimp hangar (the Navy once patrolled this coast during World War II) that Louisiana-Pacific Corp. uses as a plywood mill, the normal bustle of manufacturing continues. But manager Jack R. Harmon has already laid off half his 180-man crew, and it is a constant struggle to find the combination of customers, prices, and costs that will keep the mill going. "You can't just shut these things down and walk away from them," said Harmon, shouting over the hiss of the giant press that squeezes a foot-high stack of veneer into an inch-thick panel. "There are a lot of fixed costs that go on even if you're closed." The equation is simple. As long as Harmon can keep operating losses below those entailed by a shutdown, the mill will keep going.

Tillamook is admittedly something special: It has never managed to attract much industry outside the wood products business. Some of the larger lumbering towns such as Eugene, Grants Pass, and Albany, nestled in the inland river valleys, have managed to diversify enough over the years to cushion the housing downturns that periodically devastated the western part of the state. And Portland, which contains half of Oregon's work force, has developed enough machinery and electrical manufacturing so that unemployment is a relatively low 7%.

But the western part of Oregon, between the Cascades and the Pacific, produces about a fifth of the nation's lumber and plywood and thus is tied tightly to the housing cycle. Flying north from California to Portland, the whole region looks like one vast tree farm, an undulating green carpet of Douglas fir. Down in the south, the big Medford Corp. has sent home a third of its work force, while Fourply, a small veneer plant, shut down in November. Louisiana-Pacific converted its stud mill, which manufactures the basic structural members for house framing, to chip production for the pulp mills.

THE HOUSING SLUMP HURTS

Waves of layoffs and closures have hit the mountainous Douglas fir country around Roseburg and Eugene and have extended into the pine forests of eastern Oregon. At Oakridge, some 45 mi. into the Cascades from Eugene, Pope & Talbot, Inc., no sooner finished a \$10-million sawmill than it had to cut production by 50%. About 300 jobs were eliminated—no small matter. The mill, a sophisticated "log-processing center" where incoming logs are scanned electronically and diverted to the sawmill, the veneer plant, or the chipper, is the only major plant in the area. As a P&T spokesman said, "We have the only piece of flat ground."

Sweating out a dip in the housing cycle is nothing new for Oregon's forest products industry. But this one has some wrinkles that make it seem to many operators the toughest since the 1930s. "I've been in this business for 27 years," says one hardbitten Tillamook mill boss, "and I've never seen anything that even resembles it in terms of depressed conditions." Ninety miles away in Portland, where most of the big forest products companies have their headquarters, executives complain that while lumber prices have dropped along with the housing market, costs have stayed high. "It's a double whammy," says Gene D. Knudson, president of Willamette Industries, Inc., which operates seven plywood plants and seven lumber mills in Oregon.

Energy costs have quadrupled in the last year for mills that burn fuel oil, and those that tried to switch to natural gas were hit with service interruptions. On top of that

the mills are under orders from the state's tough Environmental Quality Dept. to either clean up the big conical metal burners used to incinerate wood wastes—or to get rid of them.

"And now the water quality people are looking at the runoff from our log decks," sighs Lee C. Simpson, vice-president in charge of Louisiana-Pacific's Western operations. The decks, the mills' raw materials inventory stacked in piles as high as 20 ft., are the source of tannic acid and other pollutants that rainwater leaches from the bark into streams and lakes.

The biggest cost of all, though, is in the prices lumbermen are paying for timber. Drawls Guy B. Pope, president of Pope & Talbot: "We go to sales and see prices triple and quadruple the already very generous price we had figured we could bid."

Although the price of Douglas fir two-by-fours never rose above \$190 per 1,000 board feet even at the crest of the 1973 housing boom and is currently around \$100 per 1,000 bd. ft., the cost of stumpage—the same 1,000 bd. ft. in the form of unfelled trees—is being bid up to \$200 and more. In one recent U.S. Forest Service sale, a major source of timber in Oregon, Champion International won the right to harvest 3.3-million bd. ft. of timber in Mt. Hood National Forest at a price of \$210 per 1,000. "We've never seen this before," marvels C. Glen Jorgensen, who directs timber management for the Forest Service's Pacific Northwest region from an office in Portland's Multnomah Hotel.

No one is quite sure why timber prices are so high, although naturally everyone in Portland has an opinion. "It's like any other commodity," says Louisiana-Pacific's Simpson. "The thing that moves the price is the amount offered." Maybe so. But Jorgensen points out that the national forests in his region auctioned 1-billion ft. more timber than was actually harvested in the last fiscal year. In other words, the timber has been bought and is being held, and some in the industry blame speculators who are counting on a housing market upturn.

HIGH-PRICED LOGS

Companies such as Weyerhaeuser Co. and Georgia-Pacific Corp., which own or control substantial stands of their own timber, are in relatively good shape because they can average the price of expensive market timber with that of their own low-cost logs and still make a profit. But companies such as Pope & Talbot have trouble. P&T counts on public lands to supply its Oakridge plant. Louisiana-Pacific, which was spun off from Georgia-Pacific two years ago—with relatively little timber of its own—has curtailed some 40% of its operations in the state.

The harsh economics of the forest products business are clearly at work at Louisiana-Pacific's pair of converted blimp hangars outside Tillamook. The company bought out the two small companies that ran the plants in 1973, pumped in \$250,000 to modernize them, and ran them at capacity for a year. But the operation depends on open-market timber, normally purchased from state or federal forests and from the choicer logs cut by the big paper companies. As lumber and plywood prices began to fall last year, mill manager Gil Oldenkamp decided to build up his inventory of logs rather than cut them up at a loss. "Our biggest obstacle now," he says, "is that high-priced log deck. We have 12-million ft. of logs, about 8-million more than we should."

Despite the problems, Tillamook is hanging on, and things are even looking up. Midway Shakes, a shingle mill near the blimp hangars, recently started up after a long closure. And two hardwood mills are still operating. "This is not like Detroit," remarks Robert Almqvist, the bearded young editor of the weekly *Headlight Herald*. "People here can often find work on a farm or a fishing boat." Most people, adds David Scheele, who

runs the local employment office, "are hanging tough and waiting for spring."

TESTIMONY OF THE HONORABLE ROSCOE BOBO

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. Diggs) is recognized for 5 minutes.

Mr. DIGGS. Mr. Speaker, on Wednesday, April 23, Commissioner Roscoe Bobo, chairman of the Wayne County Board of Commissioners in Michigan, testified before the House Public Works Committee concerning H.R. 5247, authorizing a local public works capital development and investment program.

Although Commissioner Bobo speaks specifically to the bill's application to Detroit and Wayne County, I believe his comments reflect the concern felt across the country in areas hard hit by the current economic conditions.

I believe that my colleagues in the House will find his comments most enlightening, and hereby insert them into the RECORD for the information and study of the House:

TESTIMONY OF CHAIRMAN ROSCOE BOBO, WAYNE COUNTY BOARD OF COMMISSIONERS

Mr. Chairman and Members of the Committee: I wish to speak to you of the imperative need for immediate assistance to relieve the perils and the poverty in the Detroit area.

We are in the grips of the worst economic crisis in our community since the Great Depression.

While there may be forecasts of hope for recovery by some, the agonizing facts of the matter are that recovery is months, perhaps years ahead of us.

We need assistance now.

I believe that the legislation pending before this committee offers hope for this assistance and I appear today to urge you to approve it as soon as possible.

Every day of delay by the Congress will add days of distress for thousands of our people.

First, let me give you a measure of perspective on the dimensions of the problem in the County of Wayne. Our county is the home of two million, six hundred thousand people, and it includes the City of Detroit, with about one million four hundred thousand residents.

The counties bordering the County of Wayne—Macomb, Oakland, Washtenaw and Monroe provide homes for another two million residents. The economic plight in these counties is very similar to that in the County of Wayne.

Thus, while I do not represent the entire region officially, what I have to say applies to our neighbors as well. And because we are neighbors, the pains and the pressures in the core of Detroit are transmitted to those in the surrounding area.

Only recently, we frequently referred to "pockets of poverty" in our cities. These so-called "pockets" now can be more appropriately called—"prairies of poverty."

In the City of Detroit as a whole, there presently are 136,800 employable persons out of jobs. This is 23.3 percent of the work force in the city. In some sections, more than 50 percent of those available to work and willing to work are not employed. The rate of unemployment in this area has been at this level through last winter and there is no prospect that things will be any better in the immediate months ahead.

In the County of Wayne as a whole, including, of course, the City of Detroit, 16.2

percent of the total work force is not employed.

In the surrounding counties, the unemployment rate is about the same, so that in the five-county area, some 313,600 persons are out of work. Usually, they are clustered in low income areas.

Thus, throughout the area, what once were "pockets" now can better be described as "prairies." The size varies only with the location.

The impact on revenues of the county naturally has forced a series of curtailments that is aggravating the problem.

In our county government, we have placed a hold on new hires and on promotions and we are facing layoffs and other curtailments that will deprive citizens of needed services.

Our operations for years have been pared to the bone and we are now at the point of having to knick chips in the bone.

For example, the office space we provide the Department of Social Welfare of the State of Michigan as required by state law, is miserably inadequate. With mounting case-loads, the facilities provided are potential breeding places for discontent. Long lines. Long waits. A series of call backs.

More manpower is, in truth, needed. But that is not sufficient. More space and more accommodations are also essential. How does a county government in economic distress provide such facilities at a point in time when the need is urgent yet its revenue base is shrinking?

I have previously written to the members of the Congress who represent our area. In this letter I have stressed, as I do again here today, that there is urgent need for expanded public works funding.

By urgent, I mean right now. I strongly support the concept that legislation be passed immediately to make available funds whereby county and local units of government can get started on the preliminary planning, the design, and the other needed advance work. This would provide jobs for many unemployed draftsmen, for architects, and for related craftsmen who must do the desk work that always precedes construction.

In Wayne County, we are already into some of that work in connection with one of our most urgent building needs—two new county jailhouses.

We have been plagued for years by a jail structure that is obsolete. We have spent three million dollars in three years to comply with court orders for improvements—but there is no way the building can be made to meet the standards of the State Penal Code of the Michigan Corrections Commission.

Were we to have assurances that federal funding would be available, we could begin within weeks to build two jails—one in downtown Detroit and one in the suburban area. Our last estimate was that about \$35 million would be needed for these jail structures.

We need court facilities. The preliminary design of a proposed building for these activities was published only last week. Until the funds are made available, however, that building will remain an architect's sketch only.

We need proper facilities for our county medical examiner. Four years ago, we employed one of the outstanding authorities in the nation to modernize our methods in our morgue. But his success has been hampered because the facilities in which he functions are a half-century old.

These are only highlights of our construction needs.

I cite them as examples of projects we are ready to build, or need to design and build.

These are types of projects we in Wayne County could launch under terms of the proposed bill. The bill would achieve the objectives of providing both needed facilities to improve our community and employment to improve the economy.

Let me stress three major points.