Shannon: Bob, one of the things that's rather interesting is that nearly 30 years ago, at the time that Jack Kennedy was president of the United States, this country was involved in attempting to alter the internal relations, particularly in the area of trade. I understand that in the process of passing that legislation, we became embroiled in a number of forestry issues. I wonder if you could tell us something about that and how those problems and issues developed.

Wolf: Well, the main issue that had developed had been festering for a bit, and these things keep recurring. The forest products industry, despite the relatively high level of housing starts, had some setbacks during the Eisenhower recession of the late [19]50s, and housing starts hadn't picked up all that much. But Canadian lumber, softwood Canadian lumber particularly from Northwest Canada, was coming in the U.S. in increasing amounts, in terms of volume and as a percentage of the U.S. consumption. And this led the Northwest industry, particularly Oregon and Washington operators, and some in Northern Montana and Idaho, to complain bitterly that the Canadians had an advantage in shipping their lumber into the U.S. and that this should be
balanced. They should not have ... they said the playing field in effect was unequal, and what they were arguing was that it should be equalized.

They mounted this campaign to put an amendment on the trade bill that Kennedy was pushing through, which was a centerpiece of the Kennedy administration's effort to have a broader, more effective international trade picture and reduce trade barriers. And so what the Northwesterners were confronted with was a demand by the timber industry, which was one of several that they had, that the Canadian lumber imports be curbed. The vocal leader of the industry move, although there were several, was a lumberman from Portland by the name of Robert Dwyer, who owned the Dwyer Lumber Company, which is now out of business, not due to Canadian lumber influence. But he was the leading spokesman for the industry, and he was supposedly a Democrat who had done a great deal for the Democratic party, though no one had any trace of it.

Shannon: Was the J. Neil's lumber company in Libby part of this same process at that time? And who were the principal suppliers in Canada - McMillan and Bloedel, and others like that?

Wolf: Well, oh yeah, there was a whole series of Canadian lumber operators. What had happened was in the, as a prelude to this, in the late [19]50s, the West Coast Lumberman's Association, and the Western Pine Association had become very sloppy in their lumber grading practices. And a lot of U.S. lumber that was being shipped East was not very well graded, and very well, or very dry either.

Shannon: And not very well accepted I would imagine.
Wolf: And then there'd also sprung up in the East a few sharp operators in the wholesaling business, who had four different grade stamps. And they were buying low-grade lumber and upgrading it with their fraudulent stamp. The Canadians on the other hand, were manufacturing their lumber very well, drying it well, and packaging it well, and were gaining market acceptance based upon product quality. This is what caused the Canadians to penetrate the U.S. market. You have to realize that there's always been a significant difference between the U.S. and Canada on this issue. The Canadians have always been export oriented, and we have not. So the Canadians were doing what came naturally in penetrating any market, they were making a product that would penetrate it. And our people were reacting in typical fashion, saying that they were the victims of unfair trade practices.

Shannon: Were the Canadians train shipping that lumber across Canada by rail and then into Chicago and into Detroit and down to St. Louis, and Cincinnati?

Wolf: Oh yeah, yeah.

Shannon: And so they were also, in effect, taking on the shipping lobby from the West Coast of the United States ...

Wolf: Well, it was going both ways. Some of it went by boat and some went by rail. But there was a town in Canada, Moosejaw ...
Wolf: And in those days, not only Canadian but U.S. manufacturers would ship lumber in transit, and significant amounts of lumber manufactured by small and large firms, green, would start out in box cars from the West Coast, go to Moosejaw were it sat in these big sidings while an agent negotiated a sale for it. Then it would be shot to that site from Moosejaw, and there was a guy in Louisville, Kentucky, or Asheville, North Carolina, or Baltimore. You know, if you bought the lumber then they would shoot it down. And so the forest products industry was using boxcars as warehouses in Canada, and then there was another place in the U.S. were they were doing that too. There were two places U.S. manufacturers could ship it. And this was another problem, and a significant one from the standpoint of railroads. So a couple of things happened when the forest products industry decided to mount this huge campaign to get Canadian lumber imports curved. And Dwyer and his associates fashioned a scheme, it was called the 10/10 Proposal, when lumber imports exceeded 10 percent of U.S. consumption, a 10 percent tariff would be levied on it.

Wolf: That was, yeah, if it was up to ten percent of whatever our consumption was, it didn't matter. But when it went over ten percent, then there was a ten percent tariff. And they started a huge letter writing campaign to the Oregon, Washington, California, Montana, Idaho delegations, and to the southern ones, because this Canadian lumber was also penetrating the south.
Shannon: And we had that new development of the South wood timber industry just coming into fruition.

Wolf: Well, their softwood timber industry wasn't that vigorous then, but it was suffering from two, from a couple of things, which I will relate. It was suffering from competition from the West, and suffering from competition from plywood, which was squeezing out the roofer, which, the roofer was a one by six pine board. It took two men to hold it on the roof while one nailed it. And it just couldn't compete with plywood any longer. And west coast plywood dominated the market. Southern plywood didn't begin to be manufactured until 1964.

Shannon: Right.

Wolf: Many people have argued that southern pine wouldn't make plywood. But anyway, the timber industry started this effort to amend the Trade Act, that was their goal. And the Canadians, of course, became very much concerned about this. They had a Canadian Brigadier General from World War II, whose name escapes me at the moment, I should remember it, who was the head of their lumber association. And they had a lawyer in Washington, by the name of Herbert Fierst, who previously worked for the State Department who specialized in trade matters. And he was their lobbyist. But oh my, the name of the, Buckmeister [Bert Huffmeister] is the name that comes to mind, but that's not right. But anyway, the Canadians started a counter campaign to head this off. And I would say the key people in the Senate, who really headed it off before, and it never really had a chance going anywhere, but nobody knew it then, were
Senators [Mike] Mansfield [Montana] and [Henry] Jackson [Washington], who were ardent free traders. And I was involved in devising the strategy that they used in heading this thing off. Ah, Wayne Morse, another Senator from Oregon, was selected to lead the fight for import controls. Wayne Morse loved to make speeches, and he could fulminate better than anybody. So he was on the floor all the time demanding that something be done about Canadian lumber. And this, of course, encouraged the heck out of the lumber industry. They thought something was gonna happen. [chuckles] Scoop, and Maggie and Mansfield, you know, they were being quiet.

[Editor's note: Scoop and Maggie are Senators Jackson and Magnuson.] They weren't saying anything. Let Morse make these speeches, rail about Canadian lumber appearing here and there. I remember Morse made a speech pointing out that the platforms that had been constructed for the Kennedy inauguration were Canadian lumber. [laughter] He had been inaugurated standing on this stuff, and how terrible this was. The strategy that was developed was to force the domestic industry in front of the Tariff Commission for a hearing, instead of any amendment.

Shannon: Right, right.

Wolf: And so as the year unfolded, Morse held a hearing before the Small Business Committee, as I recall, and there were a number of other actions of that type of hearings, and meetings and so forth ... and finally the folks ... and Weyerhaeuser was opposed to this because they had mills in Canada. They did not join in this fray, and a few others, you know, but they didn't oppose it openly, they just didn't join in ...

Shannon: Right.
Wolf: ...the clamor. I remember going to a meeting of southern lumbermen, and that had been organized by the National Forest Products Association. When I came home that night my wife was asking me what had happened, and I said, "Well, honey, I have learned one thing. When a southern lumberman looks West, and he sees an Oregonian, Washingtonian and British Columbian, they're all a bunch of niggers.

Shannon: [laughter]

Wolf: The southern position was that the West had stolen their markets. And so as far as they were concerned, they wanted something done about the West.

Shannon: They wanted the tariff set along the Mississippi.

Wolf: Well, they figured out a better strategy. They moved through the ICC [Interstate Commerce Commission] to cut off the milling and transit arrangement, under which boxed cars were being used a warehouses. And they had a rational case for it because there was a boxcar shortage.

Shannon: I'll bet.

Wolf: And every year, Warren Magnuson, you know who headed the Congress committee, would hold a hearing on the boxcar shortage, and Mike Mansfield would rail about the boxcar...
shortage. Because it was a real problem for the, for the wheat farmers.

Shannon: It certainly was.

Wolf: And so the first thing that happened was the ICC ruled that you couldn't continue this milling in transit arrangement. And the Canadian railroad joined in that.

Shannon: You mean both of them did?

Wolf: Yes, because they were willing to have it stopped also, because of the boxcar shortage, and the wheat farmers, you know, this put the timber industry against the wheat farmers and suddenly somebody saw the light. And saw this ... and if you think back to that time, and the number of people that had offices in Portland, Seattle, Missoula, who just had a 10 by 20 office and a bank of telephones, and were lumber wholesalers, they've disappeared. That did away with that whole sector of the business. But that's getting a little ahead of the story. But that was part of what happened. The Southerners were very adept at moving on that, because there were a couple of them on the Interstate Commerce Commission that regulated railroads. And they had the support of the Kennedy administration in doing it too. So that was one part of it.

But anyway, there was all this fulmination about an amendment to the Trade Act, which would put a tariff on ten percent. And then finally it was time to spring the trap. And the timber industry was told that the Senators would love to do this, but they had not exhausted their administrative remedies. They had not gone to the Tariff Commission and had a hearing on it. And it would be improper for them to add an amendment to the Trade Act for this industry,
when no other industry had this kind of treatment. And that they had a very good case, and it ought to go before the Tariff Commission. And unfortunately the tape won't reveal the smile on my face. [laughter] And so that was the way in which they set the thing up. And meeting was arranged with President Kennedy, and all the Western Senators went to it, and several of the House members, in which he was going to announce seven points that he would put into effect. Directing FHA to make every effort to have U.S. lumber used in houses they financed. Directing government agencies to buy nothing but U.S. lumber, and a number of those seven points, or somewhere around, but they were all these sort of things that sounded good but didn't cost anything. And also, he would request the chairman of the Tariff Commission to hold an expedited hearing in October. That would put it after the Trade Act was enacted, during the election campaign, but no decision would be reached until after it. And the members explained to the forest products industry that there just simply wasn't any other way that they could get this done, and they had the cooperation of Senator Harry Byrd of Virginia who chaired the Finance Committee, who had informed them of his reluctance - informed the industry of his reluctance to add any restrictive provisions of the sort they were seeking. So there was just no way that it was going to happen and these fellows realized it, but now this huge campaign, and this gave them a way to save some face. And a meeting was scheduled with the president, in which he would announce these seven points. I was sent down with Jerry Grinstein on Maggie's staff, a lawyer who= now practicing in Seattle, to help Mike Feldman [deputy special counsel to the president] and Larry O'Brien [special assistant to the president] write the seven points, and we put them together.

And then, I recall that just before the meeting was to occur, the head of the National Forest Products Association, Mortimer Doyle, called up one of the members of the Senate and
demanded that he be allowed to go to the White House meeting but was turned down. And we all went down there and it was a big picture taking ceremony, and the president announced his new policy and that, but he had called a fellow named [Ben D.] Dorfman, who was a chairman of the Tariff Commission [Editor's note: According to the Congressional Directory, Dorfman was the chief economist and chief of the Economic Division of the Tariff Commission] and had gotten Dorfman to agree to hold an expedited hearing in October. And that was something somewhat unusual. Because the president normally didn't ask the chairman of the Tariff Commission to do anything. If you may recall at that time, the Tariff Commission was independent, you know, considered independent, had six members, but the president asked Dorfman if he would hold a hearing, and he said he would.

Well I never went to the hearing. But any rate, but before I talk about the hearing, the Trade Act came to the floor. The National Forest Products Association prepared a colloquy for a Senator Byrd, Harry Byrd of Virginia, and Wayne Morse to engage in assurances. And they gave it to Senator Byrd, Senator Byrd called Jerry Grinstein and me over there to his office, and we met, and he said, "I want you to take this back and have your Senators look at it to see if this is something we want to do. Well it was a pretty bad colloquy because it was making a lot of promises that weren't intended. So, Jerry and I went through that draft and very deftly changed the key words so that all that wound up was Senator Byrd, in effect, saying what a nice day it was [laughter] in response to every question, making no commitment to no promises about anything. And I can still recall seeing the representatives of the Forest Industry up in the gallery waiting breathlessly for Harry Byrd to respond to these questions, and the look on their faces when Byrd's answer came out. Which was very benign in terms of whether he intended anything to happen.
Shannon: I don't know whether in any of the oral history you have been doing you commented at any stage on the role that these prepared colloquies like the one you are talking about play in the field of legislative history when it comes to interpreting the law at a later time. I don't know whether you want to comment on that or not.

Wolf: Yeah, I'd be glad to comment on that because they don't have as much weight as proponents of them think they have.

Shannon: Right.

Wolf: I remember Tom Foley [Washington], who's now the speaker of the House, talking to me about a colloquy that had been given and saying, "They just waste our time on the floor." Now agencies sometimes take these things much more seriously than they should. Courts don't take them seriously at all. What counts for the courts is the plain language of the act. And if it is in some matter not clear, or ambiguous, then the language in the report of the bill, and they look at the House report, the Senate Report, and Conference report, and they look to see if there's some clue there. But what is given in these colloquies on the floor is considered usually self-serving by the courts. This statement of the manager of bill, when he discusses the bill, will have some significance, but it usually is strictly related to the content of the bill, or the content of the conference report. So these colloquies don't have all that much real meaning. But it's a device that's been used more and more by lobbyists to theoretically instruct an agency on what it should or shouldn't do. And I don't know how you stop the process. But it has, it is one that's grown.
And particularly these things that are put together as sort of a canned statement by someone who had no role in the legislative process, or who is trying to have extra legal influence on the legislative process.

Shannon: You may recall the recent budget debates that have taken place this fall that were so widely broadcast through CSPAN throughout the United States. We had a large number of colloquies like this, wasting time, when the House and Senate leadership were waiting for other things to be done that were taken very seriously by the interpreters on CSPAN, but played no role in the outcome whatsoever.

Wolf: Well, of course, one of the problems with any law is that where it gives wide discretion, colloquy or no colloquy, the head of the agency has discretion, and may go in one direction or another, or even go in a direction not even covered by a colloquy, absent of a colloquy, so that's part of what happens with most legislation which is not that precise. But if you have an EPA regulation on the amount of emissions that come out of a vehicle, there's not much of a colloquy you can have on that which is subject to a testing procedure.

Shannon: Let's hope not.

Wolf: But there's a lot of things where colloquies become useless, but this is part of the lobbying process. And special interest groups of every ilk endeavor to do it. Not just those who have a pecuniary interest, those that are theoretically the public interest groups, too.
Shannon: You bet. Well, successfully getting such colloquy delivered on the floor of the House is a way for a lobbyist to be able to prove that he was worth the money.

Wolf: Yeah, it helped prove his worth. In any event ...

Shannon: Well now, was the Trade Bill passed before the hearing with the Tariff Commission?

Wolf: Oh yeah. As I recall the Trade Bill passed, well let’s see, it passed shortly before, it must have been in September, early September - just before the Cuban Missile Crisis. And the reason I can remember, is that after the meeting with the president, who I knew, you know, Mike Feldman, turned to the president, and said, "Bob gave us a lot of help on this, and President Kennedy said, "Thanks a lot Bob, is there anything I can do for you? And I thought well maybe you could make me secretary of the exterior or something, you know [laughs], and I responded, "My kids would very much enjoy having an autographed picture when it's convenient. And he turned to Mike and said, "That will be done. So I went, you know, we went back up and the Trade Bill was passed, and the Cuban Missile Crisis erupted, and I heard nothing, and I figured that's something that has been forgotten, and there were other things that are darn more important on the Presidents mind more than that, and the staff. And I think it was sometime in November of that year, a White House messenger arrived with autographed pictures from the President, which we still have.

Shannon: Well, that's nice.
Wolf: So it was remembered. And it happened that would be late [19]62. But anyway, the Tariff Commission hearings went on as scheduled. I purposefully stayed away from, I didn't talk to anyone even, about them. Because I just felt I shouldn't have anything to do with them. I was always concerned about being involved with something that seemed to influence the executive side of things. You did your work on the Hill, and that was where you did it. What happened downtown, they did that. And after the hearing, the Tariff Commission ruled six to nothing, there were six members on it, six to nothing against the timber industry. And I thought well, it might be pleasant now to go and have lunch with Chairman Dorfman, and find out what his reaction was to this whole thing. [laughter] So I did, we had a pleasant lunch, and he told me that he was from Vernonia, Oregon, he had done his doctorate on international trade of forest products in what was then known as "Japs Squares," a log that was squared off that was shipped to Japan in the late [19]30s, just before World War II. And, Vernonia was the site of the largest electric saw mill in the United States at this time, of the Northern American Lumber Company. And Dorfman said, "I was really surprised during the hearings, apparently nobody had done anything in the timber industry to look into my background. Because if they had they would have never made the outrageous claims that they made. This was someone who knew something about their industry. And I asked him, "Well, did that influence your vote? "Oh no, he said, "It didn't influence at all. My fellow commissioners voted first, it was five to nothing against the industry when I voted. [laughter] So he never, in effect, even tried to influence his colleagues on it. He said, "It was the worst case we ever had brought before us. And I would never again agree to a presidential request to hold a hearing for any industry. [laughs]

Shannon: If my memory serves me right, McEnroe stays under a trade legislation you have
things call peril points. And you have to prove that a peril point for an industry had been violated, and they obviously could not prove that point.

Wolf: Yeah, they had not proven that the Canadians were doing something illegal, improper, unethical. The Canadians were making a better product and shipping it and selling it at a competitive price. That’s what they were doing.

Shannon: Well, they also would have to have shown that the actual levels of output for American industry had been falling.

Wolf: And they hadn’t.

Shannon: No, because the market was strong.

Wolf: Yeah, the market was strong. We just hadn’t gone up as much as we would like.

Shannon: What amuses me about Dorfman’s statement, that this was the worst that he had ever heard, was that some years earlier, they had one from the Snap Clothespin industry, which was being decimated by, in effect, what developed later in the United States as the plastic clothespin industry. Oddly enough.

Wolf: [laughter] Well, you know, the thing that makes this interesting is that a couple of years ago the U.S. industry brought the same complaint against the Canadians. Bob Packwood
[Senator from Oregon] led the fray. The ITC [International Trade Commission] declared, in an initial finding, that Canadians had subsidized stumpage, of all things, and this is really significant because of the subsidization of timber sales here in the United States. Of course, the ITC wasn't considering whether the same thing happens in the sale of Forest Service timber. They were looking at what was happening in Canada. The Canadian stumpage rates were low, and Canada, as you may be aware of, the Canadian provinces own most of the public timber ...

Shannon: That's right.

Wolf: ... not the national government. The national government owns virtually none. And with little private timber in Canada, at least in Western Canada. At any rate, the Canadian provinces immediately seized upon ...

[Start side 2]

As I was saying before, the U.S. industry could get American action, the Canadian Prime Minister announced that he would have his provinces have corrective action. They then levied a surcharge on their stumpage rates. So then instead of a tariff going to the U.S. Treasury, the Canadian provinces increased their receipts. So they made out like bandits, in the sense that the provinces got something that they wouldn't have otherwise have gotten. And if you look at the record of Canadian lumber shipments since that tariff action, it is greater than it was before. So the effort by the industry and the U.S. to curb Canadian lumber imports in the late 1980s, had absolutely no impact.
Shannon: You could call it even counterproductive.

Wolf: Well, I wouldn't call it counterproductive, because the Canadian provinces are better off, they are getting a better price for their timber. And Canada had a serious problem, Canadian provinces of low stumpage rates, failure to replant their lands, and conditions that are really weak land stewardship in the provinces, where they have neither been money orientated nor good conservation oriented, which has been a deep concern to a lot of Canadian foresters. So, but the point is, that the 1962 was a rerun really of a 1939 effort against cedar logs that never went anywhere, and was a prelude to a late [19]80s effort, [19]85, [19]86 effort that resulted in an action by the Canadian government to increase Canadian stumpage rates. But the trade on forest products has been virtually unaffected by these actions and the manufacturing use and marketing of it.

Shannon: We've had a tremendous growth in across-the-border companies, and forest products operations in that thirty-year period.

Wolf: Yeah, in fact, in this more recent thing - the late [19]80s - one of the things that surfaced was a Louisiana-Pacific letter to its employees in a Canadian mill, urging them to write to our Congress to cut Canadian lumber imports. [laughs]. But these trade issues are very difficult ones because they always raise this question of a desirability of a home consumption item being used and the theory that the foreigner has some advantage that we don't have. And the question of whether you should have market barriers.
Shannon: Well, these kinds of issues also point up another problem, and that is the extraordinary difficulty for the political process in this country, of this kind of protection, or this kind of legislation which, in effect, pits one region against the other, for the country as a whole, pits one class against another class just internally in the United States.

Wolf: But I would have to say, Dick, that on this issue in [19]62, the northwest senators - everyone of them - there was absolutely no doubt in their mind that it was bad policy to erect trade barriers. And they weren't going to do it.

Shannon: And they didn't.

Wolf: And they didn't do it. And so my instructions, right from the outset, wasn't something where I told them what they ought to do. They told me what they were going to do, and I was to devise the strategy that got them there effectively. And we never told a soul, there wasn't a word breathed to anybody. I remember talking to Herb Fierst, the Canadian Lobbyist, afterwards, and he told me, "We were sure there was going to be an amendment to the Trade Act. And I never told him afterwards that it wasn't going to happen either. I said, well, it was a possibility, I think. My job wasn't to tell people what I was doing when I worked on the Hill; my job was to do my job, and go on to do the next job. But the Canadians were sure, and that's why Morses' approach, see, of making all these fulminating speeches, was so effective. But Jackson, Magnuson, Mansfield, [Lee] Metcalf [Montana], were the principal guys, and [Maurine] Neuberger, you know, they weren't going to be anti-trade on these things. Ah, you didn't have to
write a book for them on it, they knew why they stood where they stood.

Shannon: Right, right.

Wolf: And the odd thing is, the lobbying group, in this case the timber industry, didn't sense the larger picture.

Shannon: And obviously didn't do all their homework.

Wolf: And, well, you look at the inner conference of the industry, there were people within the industry who were being silent, you know, but who also should've sensed the national interest, as compared to the special interest. But it does demonstrate, that within lobbying organizations, the special interests can sometimes run away with the overall interest of the industry.

Shannon: That's right. That's right.

Wolf: The narrower, not the special ... the narrower interests within the industry, rather the broader good of it. The issue they really confronted in [19]62 was making a better product.

Shannon: They tried to avoid that at all costs.

Wolf: Well, you see you had some of the industry that, you know they're called green mills. They didn't have kilns and they wanted to ship green. They didn't realize that. If they realized it...
they didn't do anything about it - that the homebuilding industry could get a dry product, and when they couldn't get a dry product, they could get brick and they could get concrete block. If you look at the larger competitive picture, an industry should be looking at what can I do if I don't want to buy your product?

Shannon: That's right. Arnold Bolle has pointed out in that long period of time after World War II and down into the '60s, the number one problem for so many of the mills in the West, was that they weren't market orientated. They weren't marketing oriented. All they could think about was here's a green log and this is what we can get out of it. Somebody ought to pay us for it.

Wolf: This is related in part to something that we are not discussing, and that's the log export issue. And where some people say that the Japanese ought to buy our lumber. And the Japanese don't like, it isn't even a question of quality, they don't like our sizes. And we refused to manufacture lumber to their sizes, and keep telling them that they ought to build their houses like we build them.

Shannon: Right.

Wolf: Which are not earthquake, as earthquake safe, as the kind of framing that they use, and the dimensions of our lumber are different than theirs.

Shannon: That's right, they ...
Wolf: So relatively few of our firms will manufacture to Japanese metric sizes.

Shannon: That's correct.

Wolf: And so now we pass legislation curbing log exports further, which is like building a splash dam a third of the way across the river. You know, because private logs can still be exported [laughter].

Shannon: That's right, that's right.

Wolf: And are. Well, anyway, that's the 1962, ah ...

Shannon: Well, I appreciate you talking about it.

Wolf: I hope I covered ...

Shannon: I think it does, pretty well.

[End tape]