Clearly, it is time for our Government to set down tough guidelines for trade which will safeguard our resources and economy. We need not leap into cutting off exports—although I think the idea of a moratorium on log exports is fair enough. But we do need to reevaluate many questions such as:

1. Why haven't we protected our domestic lumber producers?

2. Why won't we permit west coast producers to supply our eastern seaboard market?

3. Why have we created a vacuum in developing Alaskan resources which Japan has quickly met?

Without being shadowboxed into psychedelic fears about losing Japan as a trader or as a friend—let us remind our Government today that Japan wants what we have and we want them to get what we have—but not at the expense of our economy or at an unfair price.

We are talking about several different problems at this hearing:

1. The political and fiscal one involving trade relations with Japan and balance of payments;

2. The domestic economic crisis in the Pacific Northwest with mills closing down because of inflated log prices due to the Japanese demand; and

3. The conservation and domestic moral issue of using up our trees for foreign export, when we are not supplying American needs or creating jobs with our own resources.

I do not believe the answer to exclusive Japanese sales and soaring prices lies just in limiting the export of logs.

I most certainly do not think it lies in the peculiar demand that Alaska be released from its primary manufacture requirement so it will cut its standing trees to make up Japan's deficiency from Oregon and Washington.

Therefore, not in any spirit of "tit for tat," but rather that of constructive suggestion, I submit that Oregon and Washington curtail their log exports and create additional manufacturing plants and payrolls, and open up those sawmills that have shut down by insisting on primary processing within these States prior to supplying the Japanese needs.

The answer to our difficulty in Oregon and Washington is not in pulling the rug out from under Alaska's economy by wiping out sawmills and undermining resource development there, but to be productive where the bite is—in the Pacific Northwest.

We must remember that Alaska is now the "tree bank" of the Nation. The Nation should not be too anxious to overdraw on its account yet.

This is not a new concept for Oregon whose State law in effect prohibits the export of round logs.

When we stress the priority of primary manufacture in this country rather than Japan, the frequent comment is made that logs are highly priced regardless of Japanese export. Of course, the timber-owning giants with private timber holdings, can equalize their cost of log purchases from Government stands and afford to pay high prices. They do very well in the open market today selling logs directly to Japan. But of even more importance is the effect of high prices on the capital gains tax which works to the advantage of the biggest operators in the industry but does little to help the hundreds of small businessmen who are going under.