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DEPARTMENT OF AGRICULTURE

WASHINGTON 25, D.C.

JAN 15 1968

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Honorable Ernest Gruening
United States Senate

Dear Senator Gruening:

This responds to your telephoned request for information about the Staff Report prepared in the Treasury Department concerning U. S. log trade with Japan and the management of National Forests in Alaska and in the Pacific Northwest.

We received a copy of the Report. It was prepared as a staff paper in the office of the Assistant Secretary for International Affairs in the Treasury Department. It was intended only to be a basis for discussions between the two Departments, and we expect to have such discussions.

However, the Report has received public distribution. It has raised questions in many minds as to whether the Department of Agriculture will abruptly make drastic changes in forest management policy. Consequently, it seems necessary that you and others who are greatly interested in management policies for the National Forests know our reaction to the major points in the Report. We have had the Report only a few days and have not analyzed it thoroughly, but we can give you our initial reactions.

The Report emphasizes the Treasury Department's concern in finding solutions for the current balance of payments problem. In this context, those who prepared it are looking for ways to increase exports. The Report dwells only on ways to continue a high level of exports from National Forest lands, and does not give attention to other objectives in their management. We construe the Report as a request for us to think about ways in which the balance of payments problem might be helped by the manner in which resources are managed. This does not mean that the Department of Agriculture is considering any basic changes in the objectives for which the National Forests are being managed.

The Treasury Department's staff has made some suggestions which are mostly matters we have thought about before. Some are things we have been pushing for, and we intend to keep pushing for them as rapidly as budget considerations will permit. For example, these include more access roads and additional funds for intensification of management of the National Forests.

There are some recommendations on proposals we have previously considered and have decided to not adopt. One of these, for instance, is the suggestion that we should plan timber harvests on a 65-year rotation rather than the current range of 90- to 120-year rotations now in effect. Another is the suggestion that we should so manage the National Forest timber so as to earn a maximum rate of interest, regardless of other considerations. We have explored what can be done with shorter rotations. Rotation lengths must be geared to the site quality of the land and objectives of management. Site qualities in Alaska are such that rotations as short as 65 years would not produce very large sizes of sawtimber nor necessarily the highest interest returns on forestry investments. In any event, it is not our intention to set rotations so as to obtain the highest financial return. It is not the objective of National