What we have is the Treasury Department instructing the Forest Service how more trees may be grown.

What we have is the Treasury Department displaying a complete lack of knowledge of why the Forest Service regulation prohibiting the export of round logs from the national forests of Alaska came into being and why it is still in effect.

Long ago—about 40 years ago—it was decided that if Alaska timber within the national forests were to be utilized in accordance with Forest Service procedures which have proved to be so sound, that timber in suitable blocks would have to be held intact so that private enterprise firms interested in building pulp mills in Alaska for the production of paper and by-products could be persuaded to locate there. It was not easy. Early efforts failed. Admittedly, there are certain disadvantages in Alaska. Among them are higher production costs.

Finally, and as a result of the Forest Service's adherence to its sound policy, capital became interested and the first pulp mill was built at Ketchikan. That was followed by the construction of another mill at Sitka.

One big stand of timber for a third mill remains up for bid. Let us examine this situation for a moment or two. One company bid on this timber block and held it for years before pulling out. More recently, another company successfully bid for the timber and then gave up the project. If this stand of timber is held intact, there are still very reasonable prospects that a third mill will be built in Southeastern Alaska. Interest has been manifest.

The Treasury "forest experts" have called for an increase in national forest stumpage fees in Alaska. Comparatively they are low in the 49th State. They have to be low if capital is to be interested, granted the competitive disadvantages existing in Alaska.

Every attempt should be made to find an equitable way of correcting these serious problems which obviously exist for an important segment of the economy of the Pacific Northwest.

It is clear as clear can be, despite the "findings" of the Treasury Department experts to the contrary, that the policy banning the export of round logs from Alaska has been a major factor in the development of a successful timber industry in Alaska. All of the timber processed in the Sitka pulp mill, the logs which undergo primary processing at Wrangell and elsewhere, are shipped to Japan, thus creating for Alaska and for the nation a plus in the balance of payments situation. I am told that further help in this direction is given by the fact that much of the production from the Ketchikan pulp mill is sold to South America.

All thoughtful Americans recognize the balance of trade problem and what that problem can mean to the strength of the dollar and, therefore, to the strength of the free world. We all have an interest in improving our balance of trade, but in a way that is fair to domestic interests and does not increase pressures for increased trade restrictions which would be harmful to both Japan and this nation, and within this nation, perhaps especially to Alaska.

At this point, I want to consider the implication in the report that opposition to a change in the log-export policy in Alaska is against the national interest.

That implication is made on page 5 of the Treasury Department report, or memorandum, or call it what you will:

"If negotiations on the log problem remain at an impasse, export quotas on log exports to Japan may be imposed. We will be in the position of—

cutting exports to Japan, and at the same time,

requesting balance of payments accommodation from the Japanese."

Without having been made privy to secrets locked deep perhaps within administration circles, I should think the last thing this government would want to do would be to cut off exports of any kind to Japan. I should think so because everything that is exported by us to Japan redresses in some degree our unfavorable balance of payments situation and because Japan is one of our best customers. If we act against what Japan considers to be its essential interests, there may be a reaction harmful to us.

The Treasury Department blithely proposes a solution by changing the Forest Service policy in Alaska. I wonder if the experts there have made any effort to discover whether Japanese interest would lag if the Alaska policy, namely, primary processing, were required in the Pacific Northwest states as it is in Alaska. It is conceivable that the Japanese would be altogether willing to import logs so treated.