

- \$24.5 million from the Agricultural Stabilization and Conservation Service cost-sharing aid to farmers.
- Outright cancellation of a new \$8. million program to convert croplands to recreation areas.

Senator MORSE. Do you have any questions, Congressman?

Representative DELLENBACK. No, Mr. Chairman.

Senator MORSE. The next witness will be Mr. Jack Reekie representing the Alaska Bankers Association.

STATEMENT OF JACK REEKIE, SENIOR VICE PRESIDENT, NATIONAL BANK OF ALASKA, KETCHIKAN, ALASKA; REPRESENTING THE ALASKA BANKERS ASSOCIATION

Mr. REEKIE. Chairman Morse, committee members, I am Jack Reekie, representing the Alaska Bankers Association, which is an association representing all of the banks of Alaska. I am also a senior vice president of the National Bank of Alaska. I wish to thank you for the opportunity to appear before you today.

Earlier in these hearings the Treasury Department's staff report on the Pacific Northwest log export problem suggested that round logs be exported from Alaska. You are all aware of the primary manufacture policy of the U.S. Forest Service which prohibits the exportation of round logs from national forests in Alaska. The purpose of this policy is to develop the local economies in the areas of our timber stands. The Forest Service should be highly commended for this position and I salute them.

I know you have received communications from the various communities of southeastern Alaska, all expressing unanimous opinions that to allow log exports would be disastrous to the communities of southeastern Alaska.

Let me present a few facts and figures to show you the impact of the primary manufacture policy of the Forest Service. My remarks and data are confined to southeastern Alaska, the archipelago stretching south and east from the rest of our State along Canada's border and on the Pacific Ocean. This comprises the Tongass National Forest, is part of the North Pacific rain forest, and is the only area of significant timber development in Alaska at the present time.

In 1942, approximately 10 years before the first pulp mill was constructed in Alaska, bank deposits in the southeastern communities totaled roughly \$12 million. In 1952, prior to the start of pulpmill construction, bank deposits totaled \$24 million. Today they total in excess of \$90 million. In other words, during the 10 years prior to the start of Alaska's first pulpmill deposits were growing at a rate of \$1.2 million per year.

Assessed valuations of southeastern communities have shown a very similar pattern of growth. From 1944 to 1954 assessed valuations increased 140 percent; from 1944 to 1967 they have increased 500 percent. These increases have taken place despite some very significant fire losses in Ketchikan, Wrangell and Sitka. This growth has taken place during a period of nonexpansion in our fish industry, in fact we have a contraction. Instead of seven canneries we now have only two in Ketchikan. The site of Wrangell's only cannery is now used as storage area for the lumber of the Wrangell Lumber Co. Planned capital expenditures of private funds for the year 1968 in the community of