

Mr. REEKIE. Alaska, more than any other State, has a battle with weather conditions. We are cursed by seasonality, which is accentuated by severe winters. We are striving to overcome these problems through development of winter tourism. The key is spreading of payrolls throughout the year rather than confining them to the summer months. Year-round employment brings people to Alaska as permanent residents, who build homes, schools, commercial buildings, and pay taxes and contribute to general economic growth.

For too long Alaska has had to contend with boomers and exploiters, who come in, earn high seasonal wages, then leave our State, without contributing anything. To allow round log export would only contribute to our seasonality problem, not relieve it. Pulpmill and sawmill operations continue year-round. Logging must shut down for a minimum of 2 months each year.

Log export is job export. Alaska is just beginning to emerge from colonial status. In order to continue and sustain a standard of living and thus become economically self-sustaining we must increase the manufacturing process within the State in order to get the added value of the processing.

The U.S. Forest Service has had the foresight to prohibit log export and require primary manufacture and the determination to stand by this very wise policy in spite of much opposition. Any relaxation of this attitude would not only be the eventual ruination of Alaska's lumber and pulp industry—it would be disastrous to the local economies of the communities of southeastern Alaska.

In closing, and as a banker, I would like to thank the banking industry of both Oregon and Washington who have assisted Alaskan banks by participating in financing some of the timber industry needs in southeastern Alaska. One of the keys to a successful pulp or sawmill operation is an adequate supply of low-cost logs. Oregon, Washington, and Alaska banks have extended credit on this basis. If current practices are changed that increase the costs of these logs we are going to be faced with sizable loan losses. The liquidation value of a mill is measured in tons—junk value. I trust we won't have to use this form of measurement.

Thank you.

Senator MORSE. Mr. Reekie, this is very helpful testimony. These data will be considered by the committee, and I hope will be noted by the administration also.

Congressman Pollock?

Representative POLLOCK. Thank you very much, Mr. Chairman. I would like to comment to Mr. Reekie that his statement is a very fine one. I think the information presented is very useful. I wonder, Jack, if you might discuss a little bit the comment on the bottom of page 3 that "to allow round log export would only contribute to our seasonality problem and not relieve it." It would be useful for the record to discuss it.

Mr. REEKIE. Well, logging is a seasonal operation. Pulpmills, sawmills that input the primary manufacture require them under the law to provide year-round employment which you are well aware of.

They also have to cut the logs, but that is a seasonal job. The work in the pulpmill and the work in the sawmill continues the year around, and this is the point I am making.