

you export the best 10 percent, the other 90 won't support a plant. That is why it is very important.

Senator MORSE. This record has shown thus far that in the States of Oregon and Washington the availability of logs for export from Federal timber forests in our State has resulted in increases in prices to the point where it ceases to be economic for many mills to buy the logs at those prices and process them into finished lumber. Therefore there has been a growing tendency on the part of log purchasers in the States of Washington and Oregon to sell their logs to Japan at the very high prices that Japan to date has been willing to bid for those logs, with the result that the production of lumber is decreasing as the purchasers of logs find it more profitable to sell logs and not process them into finished lumber.

Do you think that if the elimination of restrictions on the export of round logs from Alaska to Japan should come about, that the same economic pattern would be likely to develop in Alaska? And would this discourage the building of new mills in Alaska? It would seem that the type of business that you would attract under those circumstances would be to cut off the logs in export, which would mean that that would create some jobs, and some economic income for your State, though it would be only a fraction of the economic income you would receive from the establishment of lumber mills themselves for processing. Would you agree?

Mr. KRAMER. That is true, and it would not only be the Japanese that we would be fearful of, but for many years we have had efforts by our friends down the coast to use Alaska as their private hunting preserve when the market was good.

Senator MORSE. Would it be reasonably accurate for me to say that your contention is based upon a desire to see to it that Alaska does not become a raw material colony for purchasers in Japan, or who knows, some other area of the world that may decide that they would like to buy your round logs and take it to their country for processing purposes? Is it your fear that there is that danger, and is it your desire to preserve for the use of your own State and the people of your own State your raw materials to meet their domestic needs, and also to process into merchantable lumber at a larger return to your State for export trade as processed products rather than as a raw material?

Mr. KRAMER. That is true, sir, and I would like to add that last Sunday in the State chamber office I met with a Mr. Chang, from South Korea, who was in Alaska, and he said he had \$20 million and he would like to buy a few round logs and it wasn't easy to point out to him that we had no round logs to sell, we would like him to come up and see if he wanted to build a sawmill or something. That before we discussed anything about shipping out more jobs, we were looking for a means of bringing more work for Alaska citizens.

Senator MORSE. Alaska, Japan, and South Korea are not the only areas in the world in which there is a short supply or no adequate supply of many types of raw materials, but we are limiting ourselves this morning to logs. Other underdeveloped areas of the world should develop a greater economic viability, and it is very important that we help them do so. It happens that in the opinion of this chairman that is one of the greatest needs for the development of peace in the world. We never will have peace with millions and millions of people ragged,