

budget, which would seem to be unsound fiscal policy on the part of this Government. How are you going to build access roads? How are you going to get that diseased timber out?

But I want to go back to this educational matter. It is a very interesting argument that you make. Are you arguing for a sort of a new indirect type of sales tax, which is put on the lumber companies, and have them pay excessive prices for their stumpages so there will be some money in our counties to support the schools. An alternative is to have our school supported as we ought to as far as Federal funds are concerned, out of the Treasury of the United States, with a general Federal aid to education program. I have battled for this program for 23 years, and we have passed more legislation in this, than in the entire history of our country.

The argument you make on page 3 about getting aid to schools is a form of special sales tax that you put on the lumber companies, by charging them a higher stumpage price than they have to pay in Alaska, or in Canada, which I think this record shows is already unreasonably high.

You can't justify that kind of a stumpage price for aid to schools. And I fight for the O. & C. formula in lieu of a tax program where we have the Federal timber. But not on the basis that justifies the kind of a stumpage price that we are imposing on the lumber companies, because that takes it out of the pockets, and to a degree from your workers, too.

Mr. HARTUNG. I don't think we will get any more wage increase from the employers than we have got muscle enough to take away from them when it comes to the bargaining table, whether you give them the timber or whether they pay for it.

I am raising my arguments on the way conditions are now. We don't have that Federal aid. We do depend upon the money that comes in from the sale of this timber.

Now, when you say there are—all the time that these stumpage prices are running out of business, running everybody out of business—how does Weyerhaeuser come up with \$50 million net profit, and how does St. Regis, how does Georgia-Pacific, if they are all losing money?

Now, they are paying those stumpage prices also. And you heard this gentleman here say that he bought 90 percent, Ford tried to buy 90 percent, and he is paying these outrageous prices we are talking about, and what is he doing? He is making money, hand over fist. He is buying out every little sawmill in the country.

How can we sit here and say we are running them out of business?

Senator MORSE. It doesn't follow at all that you can justify imposing a stumpage price—

Mr. HARTUNG. They are bidding it; I am not proposing it.

Senator MORSE. That leads to these biddings on stumpage two and three times the appraised value, that you can justify it because they make money.

The way to take care of that is to see to it that you pass the tax laws that would take a fair share from them for the schools out of the general treasury, but not by way of this kind of an indirect tax that you are arguing for. I must respectfully say, a high stumpage price doesn't put the Pacific Northwest lumber industry in a fair competitive relationship with Canada and Alaska, and their competitors.