Not everybody is going to be happy with Treasury's recommendation. There are reported to be references in there to Forest Service policies and timber management decisions that are leading to a net waste of 3 to 5 billion feet a year of over-ripe timber that is allowed to stand to keep a balance available for sustained yield.

This rot and decay, instead of cut-over lands production of new wood, will continue over the next few decades, Treasury claims, unless the wood is cut and the land put back into production.

VAST WASTE PINPOINTED

As in every point of the report relayed to Ullman's office, those figures are transposed to money, or $8 billion worth of wood to be wasted or $10 to $12 billion in finished wood products in foreign markets. Nobody in Mr. Freeman's Department of Agriculture likes that kind of criticism.

Treasury goes so far as to point out that the Japanese import requirements for American timber bulges through the 1980s, when most of this excess timber would be harvested. By the late 1980s foresters project an increasing stream of native Japanese timber now under development will permit a tapering off of the imports.

Treasury's case breaks open the whole logjam of legislation which penalizes American mills:

1—The "wasteful and archaic" timber harvest policies of the federal government.

2—The Jones Act which keeps Alaska lumber from competing with Canadian lumber in the East Coast of the United States.

3—The Forest Service administrative policy which prevents the export of logs from Alaska, which is favored by that state's government.

4—Forest Service timber pricing practices in Alaska which makes available government timber to the Japanese at "near give-away" prices in return for doing minor processing of the log on Alaskan ground.

FOUR-POINT SOLUTION OUTLINED

The appropriate adjustments in this mix of American policies, Treasury claims can do substantial tricks in setting right our balance of payments problems. They recommend these solutions.

1—Alaska should be allowed to participate in the rich-price log export of Oregon and Washington, still limiting the total export to 1.7 billion feet a year.

2—Full market value should be realized on Alaska log sales (this by making their timber available to export).

3—Cabotage laws (maritime laws restricting shipping) affecting Alaska should be amened, breaking Japan's monopolistic hold on Alaskan timber. Treasury recommends a breakdown in acceptable log exports as 1 billion from the Pacific Northwest plus 700 million from Alaska.

At a minimum, they admit, these proposals require an administrative decision by the Departmentof Agriculture; an informal understanding with Japan; cooperation of the Interior Department; and executive branch support on the appropriations needed.

With Ullman of Ways and Means working to help balance the President's books in an election year, Treasury appears to have found support, at least in the beginning.

Senator HATFIELD. May I also say for the record that as far as the junior Senator from Oregon is concerned, this is the first time I had heard about the report as well, with no previous briefing of any kind.

Senator MORSE. Thank you very much, Mr. Petty.

(Subsequently, pursuant to the chairman's direction there was an exchange of correspondence between the committee and the Secretary of the Treasury, as follows:)