(6) Substantially increasing our exports is fundamental to achieving balance-of-payments equilibrium and, while export building is a long-range program, you never walk the mile unless you take the first step.

(7) Over the long pull, one basic need is to obtain balance-of-payments gains to increase log supplies. The high lumber demands in prospect, both in the United States and in Japan, but a premium on adequate log supplies for our wood products industry.

In pursuing this line of thinking our staff paper has asked if the existing level of allowable cuts is appropriate at least over the short run, in view of our balance-of-payments position. At the same time they have inquired if the incidence of our log exports policy should be felt solely by one section of our forests, or could it not be spread out to a larger area, and if it could, how best might this be done.

It is my hope that these hearings, and further consideration of the log export problem, will result in a balanced policy which takes into account both our vital needs for employment—generating sawmill activity in Alaska and the Pacific Northwest, the proper husbanding of our forest reserves, our balance-of-payments deficit, and legitimate Japanese interests in stable and nonarbitrary U.S. trade policy.

Thank you.

Senator MORSE. I will rule that the document submitted by the witness, "Maintaining the Strength of the U.S. Dollar in a Strong Free World Economy," U.S. Treasury Department, January 1968, be accepted by the committee as an appendix to the record. It will not be printed in the transcript, but will remain available to the committee for its executive sessions.[1]

Senator Hatfield?

Senator HATFIELD. Mr. Chairman.

Mr. Petty, I note that you have indicated in your testimony on page 4 that your Treasury staff report reltaing to the subject of log exports is illustrative of interagency action in which you developed this report to be a think piece, I believe you called it.

Mr. PETTY. Yes.

Senator HATFIELD. For the agencies having to do with forest products and forest resources, or rather I should say forest resources, might use and through which you might engage in interagency dialog, am I correct in this summary?

Mr. PETTY. Yes, sir.

Senator HATFIELD. Do I further understand from your testimony on page 4 that neither the Treasury in general nor staff economists in particular have expertise in forestation?

Mr. PETTY. That is correct, sir.

Senator HATFIELD. Would you give me the criteria upon which you base a think piece, how you develop it, with what kind of resources, what your expectation is out of the think piece that you develop without expertise?

Mr. PETTY. In the context, Senator Hatfield, of an interagency committee that was formed I believe early this summer held a series of staff meetings throughout the fall, and I guess they are still in progress now. The inputs of the respective agencies in their own particular area of expertise are employed, and it is not surprising that the input

[1] The document referred to will be found in the files of the committee.