

Mr. PETTY. I think there has never been any question as to the area of responsibility in forest management, Senator.

Senator HATFIELD. No; it is not a question of responsibility as between your agencies, but rather it is the restrictions and the requirements placed upon the agencies dealing with this natural resource which does have a great deal of influence and impact upon certain problems that we are trying to resolve now.

Senator MORSE. Excuse me. Is your question whether or not the Treasury Department took into account these legal authorities?

Senator HATFIELD. Yes.

Senator MORSE. What is the answer to the Senator's question?

Mr. PETTY. In your earlier question you asked the definition of a think piece, and I described how initial reports are prepared and then worked out in the crucible of interagency dialogs. I think in this area, these points that you mentioned would be clearly molded into the final paper, if it survived the interagency dialog.

Senator HATFIELD. Then do I understand that your staff people did or did not take into consideration and review these various legal requirements and definitions regulating the agencies dealing with the forest industry?

Mr. PETTY. I think they recognized the responsibility, Senator. It was recognized. To determine the legislative position and apply the standards were the responsibility of agencies involved other than Treasury.

Senator HATFIELD. Do I understand you to say that you originated this think piece primarily because of your concern of the present balance-of-payments problem and that being your main motivation?

Mr. PETTY. No, sir; I don't believe I said that, and if I did, it wasn't my intention to say that. The comment I did make was that the various elements individually, not packaged together, had been raised on different occasions in interagency dialogs.

I must admit that some of the dialogs did not get very far. We felt that putting them together as an illustrative package, which is the term of the staff paper, that the approach, and I again emphasize the word "approach," would make more progress.

Senator HATFIELD. Mr. Petty, then was it a basic concern for the problems of the lumber industry that motivated you to create this think piece? If it were not the problem of balance of payments, then is it the problem that has been with the lumber industry that motivated you?

Mr. PETTY. I misinterpreted your earlier question. I thought you said, Senator, in view of recent developments in the balance of payments. I thought you meant within the last 2 or 3 weeks.

Senator HATFIELD. No, I am sorry.

Mr. PETTY. The answer to your question is yes, it was the balance of payments.

Senator HATFIELD. It was the balance of payments. In other words, you felt that in the forest management program there could be a mediating influence here to the basic problem of balance of payments which you are primarily concerned with; is this correct?

Mr. PETTY. I thought we should inquire.

Senator HATFIELD. Now my next question is what other agency did you create a think piece for in relation to the problems of balance of