

to relate the log export problem, if you will, to the total balance of trade and payments position. This is the point of departure at which we made this initial effort.

Senator MORSE. Thank you very much, Senator Hatfield.
Congressman Wyatt?

Representative WYATT. Thank you very much, Mr. Chairman.

Mr. Petty, on the Treasury staff report we have been talking about, I will ask whether or not you yourself had any part in the preparation of this paper.

Mr. PETTY. My exposure on this commenced with the initial inter-agency meeting called by Agriculture to which Treasury was invited last summer. I had as my initial reaction the view that the problem could well be broader than just an issue of cutting back the exports of logs. I asked my staff to spend some time looking at the movement of logs and lumber in the North Pacific to see if there was a broader approach. That was the initial contribution, if that is a contribution at all, that I made. I followed their work from time to time.

Representative WYATT. You had consultations with them from time to time as this was in process; is that right?

Mr. PETTY. Yes, sir.

Representative WYATT. Just to give me a little better idea as to how much knowledge and background you or other members of your group may have had in this thing, do you understand the concept of sustained yield in forestry and the full concept of allowable cut, what this means and how it is determined?

Mr. PETTY. There are various levels of understanding, Congressman. I have had exposure to it. I know what the definitions mean. I do not have the understanding that the experts in Interior and Agriculture have.

Representative WYATT. Would this be pretty true of the other members of your group that—

Mr. PETTY. I think it would be; yes, sir.

Representative WYATT. Were you involved in the last negotiations with the Japanese in 1967 on log exports?

Mr. PETTY. I was not personally. We had conflicting meetings at that time and other members of the Treasury participated.

Representative WYATT. Will you be involved in the negotiations starting on the 20th of February?

Mr. PETTY. I do not know yet.

Representative WYATT. It is possible that you might be?

Mr. PETTY. Yes, sir.

Representative WYATT. Now, with that in mind—

Mr. PETTY. I will be involved anyway, even if I do not participate.

Representative WYATT. I see; you will have peripheral involvement in any case?

Mr. PETTY. Yes, sir.

Representative WYATT. Well, do you know that there is a question which I think the negotiators are going to have to thoroughly face up to, that if the Japanese agree to voluntary restrictions on imports into Japan and/or, on the other hand, if our agencies should do as industry has requested and put a ceiling of 350 million board feet on Government exports, exports of Government logs, there is a question as to who would police the 350 million board feet of the Government