

have not only our forestry experts from the Government involved in testifying before the Senator's committee but to have Treasury here. I am looking forward to having State here. I am looking forward to any other witnesses who may come, because all of this does, in fact, weave together.

Against that background, I say again that on these problems of forestry, do you have a quarrel with any of the testimony that has been given before us today by the Forest Service?

Are you prepared to say their knowledge of the facts of allowable cuts and these various other features are accurate or should there be something else we ought to be exploring in this regard?

Mr. PETTY. I am quick to admit, and I hope that earlier I did state that I personally and Treasury in general do not feel in a position to comment. I accept the judgment of Agriculture and Interior in this area where it is their appropriate area to make these judgments. The questions we have posed, I maintain, are fair questions and they were posed in many other cases. They have had different answers; varying priorities influence decisions in policy areas. I can give you an example of the tying of foreign aid, unquestionably an unhappy choice but a necessary choice. I can give you many other examples.

The answer to the question will be, and I speak as one who lacks expertise in this, or the balance-of-payments accounting of much of our staff—that is, that we are really not very far apart. The point has been made many times by the distinguished chairman of a policy mix, changing the policy mix. Much of the description of the Treasury paper with respect to Alaska has been, as it was talked about, of round log exports. We do not have to go very far to see that that is not what the Treasury paper said at all. On page 11, the study talk is about policy mixes. I think the question is what is the appropriate policy mix. What came out, percolated to the top of the discussion today, is that you are seeking, the chairman is, and his question implied, Question No. 3, what is the appropriate policy mix? What balance must be struck. This is what we are searching for.

Representative DELLENBACK. Since balance of trade is uniquely one of Treasury's concerns, let me ask just a few questions about it.

When we get into a discussion of possible reduction of log exports or, as the Alaska phrase has been used, round log exports, the immediate reaction on the part of some who approach it from too simple a standpoint is we do not dare limit it or reduce round log exports because this will react unfavorably against us on a balance-of-trade basis. I gather from having had a chance to learn about Treasury's proposal and your thinking in this regard, actually, the thinking of Treasury goes beyond this very simple point. Is this not the case?

Mr. PETTY. Yes, I think that that is correct, Congressman. Numbers have a certain fascination, but we must go beyond just the numbers alone because the balance-of-payments statistics on the trade account, I think with respect to export policy, may not tell all the story.

Representative DELLENBACK. Do I gather from having had a chance to learn of your proposal and as we listen to testimony of recent days on this particular point, if a reduction or limitation in round log exports were to be accompanied by other factors or were to lead to reactions of one sort or another, we could find ourselves in a position where the balance-of-trade position of the United States was actu-