

We cannot get any commitment out of Treasury or have not yet out of Commerce or out of State, did not today out of Forest Service, probably will not out of BLM. The reason apparently is that the White House does not want to place restrictions on logs at the present time.

But I have to deal with the economies of this situation; therefore, I would like to rephrase my question and put it to you this way:

Would a restriction on the exportation of logs to not more than 350 million board feet, which was the figure in 1966, and the insistence to Japan that if she wanted lumber products, she would have to buy finished lumber, or at least primary process lumber, in the long run be more beneficial to our balance-of-payments program than the program that you outlined in your report?

Mr. PETTY. Mr. Chairman, I am sorry, I do not find the question you posed and the thrust of the report inconsistent.

Second, I think what we are discussing is a change of a policy mix, which I think is illustrated by the question you put to me. I think the answer to your question is, generally, "Yes."

Specifically, you are really talking about, it seems to me, sir, negotiating particulars. We have some 4 or 5 weeks before the talks come up; and I think on that, State is best equipped to comment.

I would add that most of us seem to agree that a change of policy mix is best for the Northwest and best for balance of payments. I think we agree on that. I am not sure that the area of difference is not more one of semantics, caused by the inappropriate publication of this Treasury staff paper.

Senator MORSE. What can you point out to the chairman in your report that shows the specific limitations by way of restriction on exports of logs to Japan that Treasury recommends?

Mr. PETTY. The specific limitation of log exports is a method, sir, which I believe that you are proposing as a way of achieving a change in policy mix. I put that in the category of a technique of getting the same policy mix objective we are seeking in the next 4 or 5 weeks through negotiations—the preparation for which State is responsible. Or should I address myself to a question of technique, a change in policy mix?

Senator MORSE. If I heard you correctly, you did not seem to think that my question before the last was inconsistent with your report, but I still can't get from you any recommendation as to what restrictions on export logs you would recommend. I do not find it in your report either.

Mr. PETTY. I gather, sir—the question before, I did not exactly understand.

I gather that the question you posed back one or two I did not exactly understand and I answered yes perhaps too quickly.

Senator MORSE. Well, let the record speak for itself when it is printed.

Part of your proposal calls for increasing the supply of available timber by building more access roads, improving forest management, and reforestation through increased appropriations, of course. What good is that recommendation in view of the fact that in response to the Bureau of the Budget. We now have testimony in this case from Mr. Cliff that their recommendation for cuts in the forestry budget is \$21.5