

million for this next year, and we asked him to itemize it. He did and we find that covers the matter of forest roads, the matter of reforestation—in the main, the very things that your report recognizes we ought to do in order to have a sound increase in allowable cut. Incidentally, that is what I want, a sound increase in it. But you have to spend money to get it.

But now, shortly after you make your report, you get the administration coming along with a proposal and budget cuts in the various Departments and the Forest Service ends up with \$21.4 million on the very programs you are advocating.

How can you reconcile that with your proposal as to what we should do to resolve the log problem?

Mr. PERRY. It is a long, hard road to make progress in this area, I guess is the answer to that.

I think you asked, what good does it do?

I think Mr. Cliff welcomed the Treasury concurrence in this area, Treasury staff concurrence in this area.

Senator MORSE. You see, Mr. Petty, the difficulty with that answer is the first part of it. We cannot wait for a longtime program to meet an emergency that is critical today and promised to be fatal to many businesses, in my State tomorrow. As the Senators from Oregon, Senators Hatfield and I, we cannot wait for the indefinite future for a forestry management program that the Forest Service itself will put into effect if they get the funds to do it.

We have mills closing down now. We have men out of work now. We have mill towns in a depression. And the Treasury and the State Department and the White House and the Commerce Department talk about balance-of-payments problems.

It appears that more damage is being done by the kind of proposal they are making in regard to this log problem as far as balance of payments is concerned because of the wealth that they are preventing from being produced by this log export program.

We cannot wait for a gentleman down in the executive branch of Government to tarry and parry with the Japanese in regard to log export programs. We are saying to you from the legislative side that the time for making a stand is now, before you go into that conference. This is the minimum that we will accept. If they want then to buy elsewhere, that is fine.

As a member of the Foreign Relations Committee, I have been heard many times to say I am never interested in that international blackmail argument on the part of representatives of any foreign government. I always say to them, go ahead and Godspeed. We should do everything we can to cooperate with them so long as they do not ask us to go below that level that we have to stand on in order to protect the economy of our States. That represents one of the great differences I have with Treasury in connection with this report, and with the other agencies that are giving us this very hard time in the lumber industry in our section of the country, with no assurance from anyone that we are going to get any relief until more and more mills are down.

In answer to a question that I think Senator Hatfield put to you about what you have done with Defense in regard to any recommendations for change in any of their economic policies, if I understand you