

U.S. SENATE,
SELECT COMMITTEE ON SMALL BUSINESS,
January 25, 1968.

HON. HENRY H. FOWLER,
Secretary of the Treasury,
Department of the Treasury,
Washington, D.C.

DEAR MR. SECRETARY: At the hearings on log exports on January 23, before the Subcommittee on Retailing, Distribution, and Marketing Practices, Chairman Morse made certain comments to Deputy Assistant Secretary for International Affairs John R. Petty, concerning the Treasury staff report on log exports.

In the course of his remarks, Chairman Morse directed me to send the transcript to you with the request that you read it personally. The Chairman asked that you submit a comment of your own for the record, if you wish. The record will be closed at 5:00 p.m. on January 30.

Pursuant to Senator Morse's direction, at page 1334 of the transcript, I am enclosing copies (unedited reporter's transcript) of pages 1327 through 1348 of the January 23 session of the hearings.

Respectfully,

RAYMOND D. WATTS, Associate General Counsel.

THE SECRETARY OF THE TREASURY,
Washington, January 31, 1968.

HON. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: At your request the Associate General Counsel of the Select Committee on Small Business sent me the testimony on log exports of Deputy Assistant Secretary for International Affairs John R. Petty before the Subcommittee on Retail Distribution and Marketing Practices. You asked if I would submit a comment for the record on this transcript.

As Mr. Petty testified, the Treasury paper on log exports had been an internal staff document. It had not come to my attention, and I share your concern about the publicity given to it and the failure to follow standard government clearance procedures. As Mr. Petty emphasized at the hearing, the staff paper was intended as a "think piece" for use in inter-agency discussions. It was indeed unfortunate that the paper entered the public domain especially since it did not have the benefit of a thorough review from all the Departments concerned. I would emphasize, as Mr. Petty did, that the paper was not prepared by forestry experts, but was intended to bring the balance of payments viewpoint into the discussions on our policy toward log exports.

I am very much aware of the economic problems resulting from the present situation with respect to log exports. It is my hope that a timely solution to this problem can be reached that will include a policy mix satisfactory to all parties in interest.

Sincerely yours,

HENRY H. FOWLER.

Senator MORSE. Our next witness will be the Honorable Stanley Nehmer.

I apologize to you as I did to Mr. Petty for the lateness of the hour, but we have to complete the hearings today.

I thank you, Mr. Nehmer, for your patience and your cooperation.

STATEMENT OF HON. STANLEY NEHMER, ACTING ASSISTANT SECRETARY FOR DOMESTIC AND INTERNATIONAL BUSINESS, U.S. DEPARTMENT OF COMMERCE, WASHINGTON, D.C.

Mr. NEHMER. Thank you, Mr. Chairman.

Mr. Chairman and members of the subcommittee, I appreciate the opportunity to be here to present the views of the Department of Commerce concerning the problem of softwood log exports from the Pacific Northwest.