

Mr. SMITH. Well, I think the answer is this, sir, that we are cognizant of our responsibility not to classify as national defense information, not to abuse this classification authority of national defense information.

Now, for this reason we use that type of classification very sparingly. But, on the other hand, there is information of this type that we consider it would be seriously contrary to the public interest to have revealed, at least the timing of it, which we carefully safeguard.

Mr. Moss. Then, if you felt that this is material which is so sensitive that it has a direct impact upon the national security rather than the national defense—I do not think you separate the two, but let us assume that you can—then isn't the authority for classifying deficient in not recognizing national security rather than national defense?

Mr. SMITH. Well, there are some other considerations here that I ought to mention, probably. For instance, whenever we buy or sell gold it is with a foreign country.

Mr. Moss. Yes.

Mr. SMITH. And so it is a transaction that we are not completely at liberty anyway to give information on, make public, because if they are selling gold it may be contrary, they may consider it contrary, to their interests to have it publicized that they had to sell gold to us. So that I mean it is not information that is owned entirely by the United States.

Mr. Moss. That is specifically exempted.

Mr. SMITH. What?

Mr. Moss. That is specifically exempted by this proposed legislation, under "foreign policy."

Mr. SMITH. Right. I think as to gold transactions they come under foreign policy. I think a better example would be our foreign exchange operations in foreign markets where we are not selling to foreign governments or central banks. We are operating in exchange markets where private individuals and institutions are buying and selling foreign exchange. There the foreign policy exception does not come into play.

Then you get into this question about a little wire saying "I bought 500,000 marks today." That one thing in and of itself, is the national defense going to stand or fall if we give out that information? I am sure nobody would say that the country was going to fall if we gave it out.

On the other hand, if you had a trend in the market, and there were a series of transactions over a period of 4 or 5 days, it could be very serious. I think this is one reason why we do not attempt to give this the national defense type of classification.

Yet we feel it is very sensitive information, at least as to the timing of the release of it. It is like this silver thing that I referred to about our coins. When we make our report within the next couple of weeks to the Congress on the coinage situation and what we propose Congress enact about it, we are going to give the Congress a wealth of information. We are going to give them everything we have.

But if in these last 3 months while we were polishing this up we had to give out little bits and pieces of it, we would have had a controversy raging and speculation and everything else going on.