

Mr. PETTY. I think the area for which Treasury staff deserves the criticism, I think your question implies, is that this got into the public domain. I think that is the problem, one that you have been pointing to. I think you are correct in pointing to it, sir, and I share your concern in this area.

Senator HATFIELD. I am just concerned here that people may interpret this beyond that of merely a think piece and interpret it as a criticism upon the present management of our forest industry resource, and also use it, perhaps mistakenly, as a piece of authoritative material written by experts and developed by experts, when really, it does not really represent any of these things.

Mr. PETTY. I appreciate that and I hope that my statement served to clarify those aspects of it. But also I hope my statement served to clarify the appropriateness of raising certain questions in the problem, also.

Senator HATFIELD. In the first part of this statement you just handed us, "Maintaining the Strength of the U.S. Dollar in Strong Free World Economy," I have just perused a few pages here and I note in the first pages, you give us an outline of some of the reasons behind the rationale for certain measures leading to our present dilemma. On page 5 in the second section, you say there was retrogression in the first three quarters of 1967 because the foreign exchange costs of Vietnam rose further, private capital outflow increased, net tourist expenditures rose, and the European economic slowdown reduced European imports and our exports.

I want to refer first to the foreign exchange costs of Vietnam. Then I want to refer over to page 98 of this same report in which you offer certain recommendations for the military, general measures to reduce external military expenditures.

Number one, you say shift defense buying expenditures from sources abroad to sources in the United States.

Are you with me on page 98?

Mr. PETTY. Yes, sir.

Senator HATFIELD. Now, could you indicate to me some of the present costs or dollar volume purchases of material, equipment, and products that are made outside of the United States which you would want to see reduced here by such purchases being made within the United States as it relates to the Vietnam or Southeast Asia area?

Mr. PETTY. Senator, I would like—I pause just because I can't name specific products without doing a little more homework on this than I have recently. One aspect I did take the precaution to determine before coming here was that the offshore procurements for Vietnam do not, repeat, do not include processed lumber.

Senator HATFIELD. Let me quote a line or two here to see if you would care to comment if this invokes any recollection within your mind as to some of the specifics that might be included in this project.

I quote now from a letter dated October 31, 1967. These figures, by the way, were given to us by the Department of State, William B. Macomber, Jr., Assistant Secretary for Congressional Relations. They have been entered into the Congressional Record with statements by Senator Fulbright, the chairman of the Senate Foreign Relations Committee.