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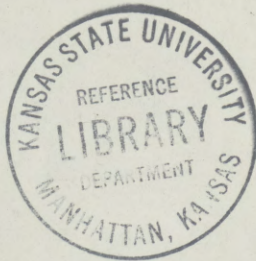
## HEARING BEFORE THE COMMITTEE ON ARMED SERVICES UNITED STATES SENATE EIGHTY-SEVENTH CONGRESS FIRST SESSION

ON  
STEPHEN AILES, OF MARYLAND, NOMINATED TO BE  
UNDER SECRETARY OF THE ARMY  
RICHARD S. MORSE, OF MASSACHUSETTS, NOMINATED  
TO BE ASSISTANT SECRETARY OF THE ARMY  
WILLIAM F. SCHAUB, OF OHIO, NOMINATED TO BE  
ASSISTANT SECRETARY OF THE ARMY

FEBRUARY 23, 1961

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NOMINATIONS

HEARING

COMMITTEE ON ARMED SERVICES  
UNITED STATES SENATE  
EIGHTY-SEVENTH CONGRESS  
FIRST SESSION

**COMMITTEE ON ARMED SERVICES**

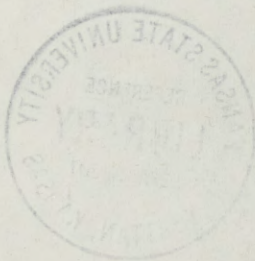
**RICHARD B. RUSSELL**, Georgia, *Chairman*

**HARRY FLOOD BYRD**, Virginia  
**JOHN STENNIS**, Mississippi  
**STUART SYMINGTON**, Missouri  
**HENRY M. JACKSON**, Washington  
**SAM J. ERVIN, Jr.**, North Carolina  
**STROM THURMOND**, South Carolina  
**CLAIR ENGLE**, California  
**E. L. BARTLETT**, Alaska  
**HOWARD W. CANNON**, Nevada  
**ROBERT C. BYRD**, West Virginia

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**STYLES BRIDGES**, New Hampshire  
**MARGARET CHASE SMITH**, Maine  
**FRANCIS CASE**, South Dakota  
**PRESCOTT BUSH**, Connecticut  
**J. GLENN BEALL**, Maryland

**HARRY L. WINGATE, Jr.**, *Chief Clerk*

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## NOMINATIONS

THURSDAY, FEBRUARY 23, 1961

U.S. SENATE,  
COMMITTEE ON ARMED SERVICES,  
Washington, D.C.

The committee met, pursuant to notice, at 10:35 a.m., in room 212, Old Senate Office Building.

Present: Senators Russell (chairman), Stennis, Symington, Thurmond, Bartlett, Cannon, Byrd of West Virginia, Smith, and Bush.

Also present: William H. Darden, of the committee staff; Harry L. Wingate, Jr., chief clerk; T. Edward Braswell, Gordon Nease, of the committee staff; and Herbert S. Atkinson, assistant chief clerk.

### NOMINATION OF STEPHEN AILES TO BE UNDER SECRETARY OF THE ARMY

Chairman RUSSELL. Since the last meeting of the committee, we have received some additional nominations to fill statutory civilian offices in the Department of Defense, more particularly in the Department of the Army.

Mr. Stephen Ailes, of Maryland, has been nominated for the position of Under Secretary of the Army.

Mr. Ailes, we are glad to have you present this morning. Please be seated at the end of the table. We have a custom of requesting the nominees to give a thumbnail sketch of their background and experience, and then members of the committee may have some questions for you.

#### STATEMENT OF STEPHEN AILES, NOMINEE TO BE UNDER SECRETARY OF THE ARMY

Mr. AILES. All right, Mr. Chairman.

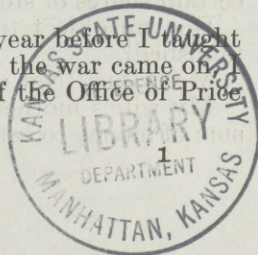
I was born in Romney, W. Va.

I was raised here in Washington and up in Westchester County, N.Y.

I went to the Episcopal High School in Alexandria, Va., Princeton University, where I graduated in 1933.

I went to law school at the University of West Virginia, and after I got out of law school, I spent 3 years on the faculty of the law school as assistant professor of law.

I practiced law in Martinsburg, W. Va., for a year before I taught in law school and for a year afterward; and when the war came on, I came to Washington to work on the legal staff of the Office of Price Administration.



I was there for 4 years or 4½ years. At the end I was Assistant General Counsel in Charge of the Consumer Goods Division.

When I left, I joined the firm of Steptoe & Johnson here in Washington, and I have been with that law firm ever since, except for a leave of absence. The first year I was there Paul Porter was sent to Greece with a mission to study economic conditions there in 1947, and I went along as counsel for that mission. We were over there 3 months. This was the original economic study that was made, that collected the data that formed the basis of President Truman's announcement of aid to Greece and Turkey.

I spent about 6 weeks working for the Government in 1951 when the Office of Price Stabilization was organized. Gov. Mike DiSalle came to town. I went down and served as a consultant to him on the legal staff.

Otherwise, I have been with the law firm all that time, and was with the law firm when Secretary Stahr called me about 2 weeks ago and asked me if I would come over to the Army.

Chairman RUSSELL. We will have printed in the record at this juncture the statement, the biographical sketch that was filed with the committee.

(The biographical sketch of Mr. Ailes is as follows:)

STEPHEN AILES

Born in Romney, W. Va., March 25, 1912.

Grew up in Scarborough, N. Y.

Father: Eugene E. Ailes, partner in Carter & Co., Wall Street brokerage firm.

Graduated from Episcopal High School, Alexandria, Va., 1929; Princeton University, A.B., 1933; West Virginia University, LL.B., 1936.

Engaged in general practice of law in Martinsburg, W. Va., 1936-37, 1940-42.

Assistant professor of law, West Virginia University, 1937-40.

Legal staff of OPA 1942-46.

Last post Assistant General Counsel, Consumer Goods Price Division.

Joined the firm of Steptoe & Johnson, Washington, D.C., in March 1946.

Leave of absence to go to Greece as counsel to the American Economic Mission headed by Paul A. Porter. This mission studied conditions in Greece and produced recommendations which were embodied in President Truman's program for aid to Greece.

In general practice of law 1947 to date with Steptoe & Johnson, Shoreham Building, Washington, D.C.

Partner since 1948.

Practice has been mostly corporate litigation and last 10 years principally in the antitrust field.

Married to the former Helen Wales of Saturday Cove, Northport, Maine.

Four children: Hester, 20; Stephen C., 18; Walter, 15; Richard, 12.

Interests: Farming, golfing, and fishing.

Home: 4521 Wetherhill Road, Westmoreland Hills, Md. Registered Democrat.

Chairman RUSSELL. I do not believe Secretary Ailes mentioned the fact that he has four children. In the future, when people study history 100 years from now, we want the record to show that.

Mr. Ailes, I notice in the statement of your holdings that you hold certain shares of stock as guardian for your children.

Do you object to telling the committee when that trust was established?

Mr. AILES. Not at all, sir.

My wife's mother died in 1955, if I recollect correctly, and left a sum of money to each of my four children. That estate was probated

in Maine, and I was appointed as a guardian for the children and invested those funds at that time, and there they remain.

If there is any problem about that, sir, at all, I am sure that my wife could qualify as guardian for them instead.

Chairman RUSSELL. There would not be any difficulty, but in case any question arose whether you held title on the eve of assuming the duties of this office is why I asked that question.

Mr. AILES. Not at all, sir.

The funds came from my mother-in-law's estate.

Chairman RUSSELL. And in trust?

Mr. AILES. Yes, sir.

Chairman RUSSELL. You have no title whatever?

Mr. AILES. None whatsoever.

Chairman RUSSELL. I notice you have fractional interests in some oil wells. The Government does not do business or have any relationship whatever with those producers, does it?

Mr. AILES. No, sir.

Those are interests that the law firm has received. I think those foreign ones we received in the form of stock in a company for which we had done some organizational work and the Government has no connection with those at all.

They are of a very fractional character, as the chairman suggests.

Chairman RUSSELL. Senator Smith?

Senator SMITH. I have no questions.

Chairman RUSSELL. Senator Stennis?

Senator STENNIS. Mr. Chairman, this is a very formidable showing of Mr. Ailes as to his training and experience. I do not believe I have any additional questions.

I am impressed with his record.

Chairman RUSSELL. Senator Symington?

Senator SYMINGTON. No questions, Mr. Chairman.

Chairman RUSSELL. Senator Bush?

Senator BUSH. What is the background of your selection for this post? Does this arise out of friendship with the Secretary or some previous experience of yours? What is the background of it?

Mr. AILES. Senator Bush, it certainly did not arise out of any previous experience of mine in the military field. I have known Secretary Stahr since he was here in the Department of the Army, when he served under Frank Pace, who was a college classmate of mine and a good friend of mine. I knew Secretary Stahr at that time and I have seen him from time to time since.

I have been interested in West Virginia University, of course, having gone to law school there, and I was at Secretary Stahr's inauguration at his invitation. We have been casual acquaintances.

I cannot really tell you why he asked me to come, because that was a decision he made, and I can assure you that it was at no request of mine. It came as quite a surprise to me, I have to say.

Senator BUSH. Good.

I am not suspecting anything about it. I am just curious as to how the appointment comes up here; what is the background of it? It is always interesting to know about these things. From what you have said, it appears to arise from an acquaintance over a good many years.

Mr. AILES. Yes, sir. He and I have certainly been acquainted, and we have some mutual friends such as Frank Pace, and others.

Senator BUSH. Thank you, Mr. Chairman.

Chairman RUSSELL. Senator Thurmond?

Senator THURMOND. I was just looking over your record. Did you serve in World War II or the Korean war?

Mr. AILES. No, sir.

Senator THURMOND. Do you have any military experience at all?

Mr. AILES. No, sir; not at all.

Senator THURMOND. Your other experience seems to be very fine experience.

That is all.

Thank you, Mr. Chairman.

Chairman RUSSELL. Senator Bartlett?

Senator BARTLETT. No questions.

Chairman RUSSELL. Senator Cannon?

Senator CANNON. Thank you, Mr. Chairman.

Mr. Ailes, have you had any experience with the military at all? Have you ever had any connection with the military in any way?

Mr. AILES. Not in the slightest, sir.

Senator CANNON. And have you had any administrative experience of any nature?

Mr. AILES. Well, I was the head of the legal staff in OPA, as my biography indicates, that had, I think, some 35 lawyers on it. That is the only experience that I have had that can be classified as administrative.

Senator CANNON. That was strictly of a legal nature?

Mr. AILES. Yes, Senator.

Senator CANNON. In administering a staff of attorneys engaged in nothing but legal problems with the OPA?

Mr. AILES. We tried to stay engaged in nothing but legal problems. I think we got a little beyond that sometimes, but that was our job.

Senator CANNON. Now you say your practice has been mostly corporate litigation in the past 10 years, principally in the antitrust field?

Mr. AILES. Yes.

Senator CANNON. Has that been solely from the legal standpoint, or have you been engaged in any administrative work there?

Mr. AILES. For the last 11 months I have been in one trial before a jury, believe it or not, right here in town. I have been a trial lawyer.

Senator CANNON. So that actually you have not had much either administrative or executive type work of any nature?

Mr. AILES. That is absolutely correct.

Senator CANNON. And no military experience whatsoever?

Mr. AILES. That is absolutely correct.

Senator CANNON. No further questions.

Chairman RUSSELL. Senator Symington has indicated he wished to ask a question.

Senator SYMINGTON. Yes, I would like to ask a question.

What will be your functions as Under Secretary, Mr. Ailes?

Mr. AILES. Senator, there is a reorganization going on with the Army right now. The Under Secretary's function prior to this time has been entirely to act as alter ego for the Secretary. In that sense, you work with him and you try to act for him in his absence.

Under the reorganization right now, the three Assistant Secretaries will be Logistics, Research and Development, and Financial Management.

The functions of the former Assistant Secretary for Manpower and Reserve Forces had been transferred to the Office of Under Secretary, so it would be my responsibility, if confirmed, to work in that area, as well as to work with the Secretary.

Senator SYMINGTON. Would you repeat those functions that have been transferred to your office?

Mr. AILES. Prior to this time there was an Assistant Secretary for Manpower and Reserve Forces, as it was called. It was his job to work in the area of manpower, National Guard, Reserve Forces, and he had the civil functions of the Army and the problems of installations.

Civil functions have been transferred to the Assistant Secretary for Financial Management. Installations have been transferred to the Assistant Secretary for Logistics.

Senator SYMINGTON. Has the manpower function been transferred to you?

Mr. AILES. Yes, sir; and Reserve Forces.

Senator SYMINGTON. Manpower and Reserve Forces. Have you had any experience in this field before?

Mr. AILES. I have to answer "No" to that, because I certainly have never had any experience with the Reserve Forces problem at all. I think the best way to answer that is just to say, "No".

Senator SYMINGTON. Now let me ask you this question: Have you an organizational chart over there showing the functions of each position?

Mr. AILES. We have an old one, and we have a new one which is in the process of being worked out right now. The general order that reestablishes these functions has not been issued. It is about to be issued.

And there is a chart, of course, that goes with the new general order.

Senator SYMINGTON. Is this reorganization of the Army's structural and functional organizational chart—I presume it would have both those characteristics—has that been adopted since the 20th of January, or was it something that was planned before and is now being carried out?

Mr. AILES. Senator, my information on some of these questions is a little hazy. I have been over there trying to get all the information I could.

It is my understanding that this reorganization, which, incidentally, is of the Secretariat as distinguished from the Chief of Staff's Office, is that it has been adopted since January 20, and that is why it is still in the process of change.

Senator SYMINGTON. In other words, the plan that you are coming in under and that you are talking about with respect to the readjustment of the various obligations and responsibilities of the Secretaries is one that Secretary Stahr himself has been developing, is that correct?

Mr. AILES. In consultation with the Secretary of Defense.

Senator SYMINGTON. Yes, I understand that, of course. My questions are not critical at all.

Mr. AILES. I understand.

Senator SYMINGTON. They are based on some of the questions that have been asked around the table, and I thought it might be well to shed a little more light on your future functions.

Mr. AILES. That is right. I am not too positive of some of these things.

Senator SYMINGTON. Thank you, Mr. Chairman.

Chairman RUSSELL. Anything further?

Senator STENNIS. Mr. Chairman, I want to make one observation here.

The gentleman has been questioned about his experience. I notice here he has been in the general practice of law with Steptoe & Johnson here in Washington since 1947 and a partner since 1948.

I just want the record to show that in my humble opinion there is nothing that qualifies a man better, particularly with his background, training, and formal education, than the general practice of law, including the ability to go down to court and try lawsuits before a jury.

If you do not do outstanding work in this position, I think it will be your own fault, because you come well prepared, in my opinion.

Mr. AILES. Thank you, sir.

Senator BYRD of West Virginia. If I might, Mr. Chairman, I would like to insert in the record a statement by my colleague, Senator Randolph, in connection with the nomination of Mr. Stephen Ailes.

I regret that I was unavoidably detained from being here when he was before the committee, but if I might have the privilege, I would like to read two very short sentences into the record.

Chairman RUSSELL. Senator Randolph's statement will be printed in the record.

Senator BYRD of West Virginia. I would like to read it, if I may.

(The letter of Hon. Jennings Randolph, a U.S. Senator from the State of West Virginia, read by Hon. Robert C. Byrd, a U.S. Senator from the State of West Virginia, follows:)

FEBRUARY 23, 1961.

HON. ROBERT C. BYRD,  
*U.S. Senator.*

DEAR BOB: Please know that I am genuinely gratified to endorse the nomination of Stephen Ailes to be Under Secretary of the Army.

It has been my personal privilege to know our fellow West Virginian for many years. His background and ability would indicate the capacity to continue valuable work for our Federal Government.

Sincerely,

JENNINGS RANDOLPH.

Senator BYRD of West Virginia. Mr. Chairman, I would like to associate myself with the remarks that I have just read into the record by my colleague, Senator Randolph. I would like to commend Mr. Stephen Ailes to the committee. I look forward to voting for his confirmation.

I thank the chairman and the committee for the very favorable consideration and approval which was given to Secretary Stahr.

I feel that the committee will act favorably upon the nomination of Mr. Ailes, and I am gratified that we have been given the Secretary of the Army. I look forward to having an Under Secretary of the Army from West Virginia and, Mr. Chairman, if we can just get some military installations down in West Virginia, we will supply the manpower.

Thank you.

Chairman RUSSELL. Anything further?  
If not, we thank you, Mr. Ailes.  
Mr. AILES. Thank you, Mr. Chairman.

### NOMINATION OF RICHARD S. MORSE TO BE ASSISTANT SECRETARY OF THE ARMY

Chairman RUSSELL. Mr. Richard S. Morse, of Massachusetts, has been nominated to be Assistant Secretary of the Army. Mr. Morse is not a complete stranger to the committee. He has served as Director of Research and Development for the Department of the Army.

We are glad to have you here this morning, Mr. Morse, and we would appreciate it if you will give us a brief summary of your background and experience.

#### STATEMENT OF RICHARD S. MORSE, NOMINEE TO BE ASSISTANT SECRETARY OF THE ARMY

Mr. MORSE. Thank you, Mr. Chairman.

By birth, I guess I am what you might call a native New Englander. I was educated in the public schools of Worcester, Mass., and I subsequently graduated from MIT with an engineering degree in 1933.

I did graduate work in physics in Munich for a couple of years.

I have had 5 years of experience doing research and rather rapidly became involved with technical administration and management activities with Eastman Kodak, where I was for 5 years.

In 1940, until my leaving here a year ago to come to Washington, I was president of the National Research Corp. at Cambridge, Mass.

In that capacity, I was also associated with several activities primarily in the technical field, where I was involved with developing new organizations, staffing them, and entering into new fields of production based on research and development work.

I merely recite one or two to give you an indication of the type of activity with which I was associated.

My parent company, of which I was the chief executive officer, had a joint venture in the field of vacuum metallurgy, crucible steel.

I think it was responsible for starting vacuum metallurgy in this country on a large scale.

We also initiated the Minute Maid Corp., which started large, full-scale production of orange juice right after the war.

We were involved in the production of plutonium for the Navy's reactor program.

I was a director and associated with a company involved with chemicals in Pensacola, a very large operation.

On the Government's side, I have been continuously associated with the Department of Defense as an industrialist since 1941, where I had something to do with the atomic energy effort at Oak Ridge and Hanford.

I have been involved in producing specialized vacuum equipment for various defense requirements, and I have almost continuously, since that time, served in various advisory committees here in Washington.

I have been particularly active in the bacteriological and chemical

warfare field, having served on the Defense Science Board for several years in that capacity.

Dr. Killian and I were the First Chairman and Vice Chairman, respectively, of the Science Advisory Board that started some 7 or 8 years ago.

I took over as Chairman after he had fulfilled his term of office.

I have been serving with the Ordnance Corps as an adviser—this is all on a nonpaid basis—and in June 1958, I was asked to come down here by Secretary Brucker, and at the suggestion of some of my civilian friends, to take on the job as Director of Research and Development for the Army.

I removed myself from all of our corporate relationships at that time, both financially and legally, and became a resident of the District, where I now live with my family, two boys, one at Princeton and one at St. Albans, and I have been serving in that capacity since that time.

(The biography of Mr. Morse follows:)

#### RICHARD S. MORSE

Mr. Richard S. Morse, following his resignation as president, National Research Corp., Cambridge, Mass., became Director of Research and Development for the Department of the Army on June 1, 1959. As Director of Research and Development, Mr. Morse has been responsible for supervision of all Army Research and Development activities with the authority and responsibility of an Assistant Secretary.

Mr. Morse was born on August 19, 1911, in Abington, Mass., and received a bachelor of science degree from Massachusetts Institute of Technology in 1933. Following graduate work in physics at the Technische Hochschule, Munich, Germany, he spent 5 years in research work at Eastman Kodak Co. in Rochester, N.Y. In 1940, Mr. Morse organized National Research Corp. and served as its president until his resignation in 1959.

Mr. Morse is generally recognized as one of the early pioneers in the field of high vacuum technology and, as a technical executive, experienced in the organization and management of business ventures resulting from research and development. He has, at one time, served as president of Columbia National Corp., NRC Equipment Corp., Minute Maid Corp., Vaculite Corp., and Vacuum Metals Corp., as well as a director of New Enterprises, Inc., and Escambia Chemical Corp.

Mr. Morse also has for many years been associated with the national defense effort. In addition to having acted as civilian adviser to the Atomic Energy Commission and the office, Secretary of Defense, he has served on the following committees: The Army Ordnance Research and Development Advisory Committee, The Technical Advisory Panel of the Department of Defense on Chemical and Biological Warfare, and the Defense Science Board. Mr. Morse was Chairman of the Army Scientific Advisory Panel from October 1957 until May 1959. He holds honorary degrees of doctor of engineering and doctor of science, and in 1961 received the Distinguished Civilian Service Award.

Organization memberships include the American Chemical Society and the Institute of Astronautical Sciences. Club memberships are St. Botolph (Boston), Army-Navy Club, and the Quissett Yacht Club.

Mrs. Morse is the former Marion E. Baitz of Rochester, N.Y. They have two sons: Richard S. Morse, Jr., who attends Princeton University, and Kenneth P. Morse, who is a student at St. Albans, Washington, D.C.

Office address: Room 3E390, The Pentagon, Washington, D.C.

Home address: 4989 Glenbrook Road N.W., Washington D.C.

Chairman RUSSELL. You have been promoted from Director to the Assistant Secretary in charge of that work.

Mr. MORSE. Not yet. It has been suggested.

Chairman RUSSELL. The executive branch has tapped you for that.

Mr. MORSE. Dr. York some time ago talked with three or four of

us in the Defense Department, all of us in the R. & D. field, with the suggestion that we might stay on, assuming that our respective Service Secretaries might wish us to so do.

Dr. Stahr, after his appointment, asked me if I would consider continuing on as Assistant Secretary with this revised line-up within the Secretariat.

Chairman RUSSELL. You have served for over 6 months as Director?

Mr. MORSE. No, sir. It is over a year and a half. I came a year ago last June.

Chairman RUSSELL. Oh, yes, you came in 1959.

Mr. MORSE. It will be 2 years.

Chairman RUSSELL. 2 years this June.

Mr. MORSE. Yes, sir.

Chairman RUSSELL. Do you think that much progress has been made in coordinating the research and development activities of the three branches of the Services, Mr. Morse?

Mr. MORSE. Well, I do not know the extent to which I can take any credit for this, but I think in the past 2 years we have for the first time had some coordination. I think it has been very effective and I think it is improving and is continuing to improve.

I think, to a large extent, this has been brought about by the creation of Dr. York's office. Dr. Wakelin of the Navy, and at that time Dr. Perkins, Dr. Charyk, and I all got along pretty well, all liked each other, and not so much concerned with a particular service as we are to try to coordinate a joint triservice effort.

I think it is going very well.

I am sure we can do better, but I think, in general, the coordination is very good, at least at our level.

Chairman RUSSELL. How long do you intend to serve in this capacity, if your services are desired, Mr. Morse?

Mr. MORSE. Well, when I originally came down here, I came down with the primary objective of not continuing indefinitely in Government service.

It was not my intention or wish, but, rather, to try and find a position where I could be effective particularly in terms of management and organization, which I think is my particular forte, if anything.

I told Secretary Stahr as long as I can continue to be effective in that area, I would like to stay for whatever period.

The length of my stay would depend upon the extent to which I think I am getting something done, and solely that basis.

Chairman RUSSELL. Mr. Morse, in the case of other nominees for Defense positions, the committee has established a rule on conflict of interest. We have asked the nominee to go to the General Counsel of the Department of Defense and ascertain the extent of the contracts that any of the companies in which he owns stock may have with the components of the Department of Defense.

And where those contracts are in an amount more than \$10,000 a year, we have requested that they divest themselves of those holdings.

Are you willing to follow that course with respect to your interests?

Mr. MORSE. Well, I do not know as I can answer the question categorically without seeing exactly what is involved. I certainly

wish to bow to any reasonable request that you may make, as far as conflict of interest goes.

Chairman RUSSELL. Nobody in your situation has thought this has been reasonable.

Mr. MORSE. When I came down here, I did not come down as a statutory appointee, although within the Army under general order I had the rank and authority of a so-called Assistant Secretary.

I felt, even though I was not, I should tend to be bound more or less by the same kinds of requirements that I would have been, if I had been a statutory appointee.

I had some correspondence with Secretary Brucker on the subject and went over the kinds of things that I was doing and the holdings I had with the General Counsel of the Army, at least, and I felt this was about as reasonable thing as I could do.

Now, I am in your hands with respect to whether you think I am doing at the moment what is unreasonable. I am not aware of any relationships of my office or any conflict of interest I can think of with any holdings that I have.

As far as my former company goes, I have divested myself of everything, I might say, with considerable tax problems.

Chairman RUSSELL. The committee, unless an exception is made in your case, would ask that you follow the same rule that other nominees have followed in these matters.

Senator Smith?

Senator SMITH. I have no questions.

Chairman RUSSELL. Senator Stennis?

Senator STENNIS. Mr. Morse, where will your work fit in with Dr. York?

Mr. MORSE. Well, Dr. York is Director of Research and Engineering for the Defense Department.

Senator STENNIS. Yes.

Mr. MORSE. Dr. York, Dr. Wakelin in the Navy, and whoever Dr. Perkins' successor may be, and I constitute the Defense Research and Engineering.

Dr. York has, as you know, very elaborate and important powers in the sense of his ability to reprogram and direct our activities.

Senator STENNIS. Yes.

Mr. MORSE. So it is essential that we work with his Office in an effort to coordinate the activities of the three services.

Senator STENNIS. That is a fact, that you do work with his Office?

Mr. MORSE. Oh, I spend half my time in the Defense Department. This job is completely different.

Senator STENNIS. Thank you. That is all.

Mr. MORSE. And I also, for example, am the Army's representative and sole representative on the NASA-DOD Coordinating Committee.

So it is at that level with NASA in our space efforts.

Senator STENNIS. That is all, Mr. Chairman. Thank you.

Chairman RUSSELL. Senator Symington?

Senator SYMINGTON. Mr. Morse, I have seldom seen anybody come before this committee who, based on his record of experience, is more qualified to do the job, and with that premise I would like to ask you a couple of questions incident to this conflict-of-interest business.

Regarding these accounts that you have with these two investment counselor companies, are they the ones that make decisions with respect to what you do or do not own?

Mr. MORSE. Yes, sir.

They have complete power of attorney. You are referring to one of the trust funds, I believe, of which I am not even a trustee.

In that instance, I have nothing to say about it, although I have beneficial interest.

With respect to the other one, all of the decisions that are made by this particular gentleman, he has complete power of attorney and, in general, I do not usually know what he may buy or sell, except I have advised him to stay out of defense-oriented companies.

Senator SYMINGTON. Of course, you understand that the questions that are being asked you by the chairman are based on the law as it is?

Mr. MORSE. Yes, sir, I understand.

Senator SYMINGTON. I might say that I am not happy about this law, and I think it is getting to be increasingly paradoxical, considering there is absolutely no restraint of any kind whatever on a member of this body to deal freely in securities and profits and so forth. He can do just as he pleases.

It is paradoxical that we have a law which forces us to make people give up many times their hard-won assets in order to serve their country.

The whole situation is cloudy to me. I predict that if something is not done to equalize the situation, as we are both public servants, that it is going to blow up sometime in some unfortunate manner.

Senator Stennis asked you about your relationship with Director York.

Is there an Assistant Secretary of Defense for Research and Development?

Mr. MORSE. No, sir.

Dr. York has had two deputies. He is in the process of reorganizing it. I do not know whether it is official yet or not.

He has a deputy, but not with the title to which you refer. He has several assistants—excuse me.

Senator SYMINGTON. Without being facetious, I was just wondering why, inasmuch as the boss of Research and Development is a Director and not an Assistant Secretary, you would want to give up the title of Director to become an Assistant Secretary.

We have so many Assistant Secretaries over there now I thought maybe, especially as the research head in the Department is a Director, that you would prefer the title which you are giving up.

Mr. MORSE. Well, I am not very impressed with titles, frankly. I do not care what you call me, if I can get something done.

Senator SYMINGTON. In other words, you want to do the work regardless?

Mr. MORSE. I have been for the last 2 years without either the authority, contracting authority, or anything else.

Senator SYMINGTON. Were you not a Director before?

Mr. MORSE. Yes, sir, Director of R. & D., but there are certain aspects of statutory appointments which are required to do an effective job in R. & D. in any one of the services. You see, I have had no contracting authority.

I have no budgetary control, which I should have. We have had our research and development within the Army historically sub-

merged in logistics in the services. This is gradually being disentangled.

Senator SYMINGTON. When you were a Director, as you are, you did not have to come before this committee?

Mr. MORSE. That is right.

Senator SYMINGTON. And, therefore, the question of what you did or did not own was a matter of your own conscience?

Mr. MORSE. That is right.

Senator SYMINGTON. Based on your relationship with the Secretary of the Army, is that not correct?

Mr. MORSE. I would say with my own conscience, primarily.

Senator SYMINGTON. So your reward for the work that you have done in recent years is that you have to make further financial revisions but you do get the title of Assistant Secretary, is that right?

Mr. MORSE. If you say so.

Senator SYMINGTON. Do you get any major increase in remuneration for your efforts?

Mr. MORSE. I do not know. I am sure it is not very impressive.

Senator SYMINGTON. Based on your list of holdings, I do not imagine it was the controlling factor in the decision that you made, was it?

Mr. MORSE. No, sir.

Senator SYMINGTON. How many Assistant Secretaries of the Army are there now?

Mr. MORSE. Each service has three by statute and it is a question of how these are distributed by the service Secretary.

Senator SYMINGTON. And you will be the one for Research and Development.

Who are the other two?

Mr. MORSE. Well, Mr. Schaub who is here proposed Assistant Secretary for Financial Management, and we were awaiting a decision for Logistics.

Those would constitute the three, and these would be then consistent with the other two services.

Senator SYMINGTON. And the plan is to fill that one, also?

Mr. MORSE. Yes, sir; this is my understanding.

Senator SYMINGTON. How many directors have you in the Army? Now that you have left it, how many are left?

Mr. MORSE. None.

Senator SYMINGTON. None at all?

Mr. MORSE. I have a very small office.

Senator SYMINGTON. And there are no other directors?

Mr. MORSE. No, sir.

Senator SYMINGTON. In any other that report to the Secretary?

Mr. MORSE. No.

Senator SYMINGTON. What is the reason—and I ask this based on your previous experience—that Mr. York is not an Assistant Secretary of Defense for Research and Development; that he is a Director?

Mr. MORSE. Well, I think I have to ask you that, Mr. Senator.

I believe this job was created by Congress with that title, and he has rank and authority above the Assistant Secretaries of Defense.

Senator SYMINGTON. That is why I asked you if there was any plan for an Assistant Secretary of Defense for Research and Development that you knew about.

Mr. MORSE. In the sense that you use the word, there are none. It is just Dr. York, alone, and he has several assistant directors reporting all to him.

Senator SYMINGTON. Yes. Is there still an ARPA?

Mr. MORSE. ARPA is now within Dr. York's office. Dr. Weaver has recently made something of it, but it is an adjunct to Dr. York's office.

Senator SYMINGTON. There was a gentleman in charge by the name of Holaday.

Mr. MORSE. He was Assistant Director of Guided Missiles. That has been abolished.

Senator SYMINGTON. That has been abolished entirely?

Mr. MORSE. Yes; the job was abolished.

Senator SYMINGTON. You say that we would be able to answer the question about the status of the Director for Research and Development. Well, I am sure we did it, based on a request by the Department.

Mr. MORSE. This was a postsputnik type of thing.

Senator SYMINGTON. I am only trying to get the relationships of the various titles and offices and departments. As Assistant Secretary of Research and Development, to whom will you report?

Mr. MORSE. The Secretary of the Army.

Senator SYMINGTON. To the Secretary of the Army.

What will your relationship be with Dr. York?

Mr. MORSE. Well, this is one of these dual things. From the point of view of authority and responsibility, I derive it from the Secretary of the Army. On the other hand, in the field of research and development we are moving in the direction of unification by function, mainly in the research field.

We have moved in that direction in the past 2 years. Our request for funds, our ability to reprogram within our budget, for example, in excess of \$2 million in the case of reprogramming must receive Dr. York's approval.

As I say, we met every Monday at our R. & D. Policy Council.

Senator SYMINGTON. Does the Secretary of the Army come to that meeting?

Mr. MORSE. No, sir.

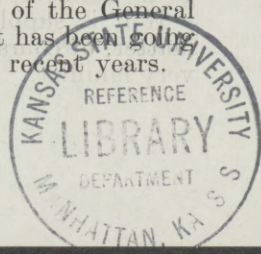
Senator SYMINGTON. At that meeting can the Director of Research and Development of the Department of Defense give you an order?

Mr. MORSE. It depends what you mean by "an order." He can tell me to reprogram or he can tell me to cancel an R. & D. effort.

He cannot order me around outside of the R. & D. field, I do not think.

Senator SYMINGTON. Suppose you do not agree with that. Can you tell him that you will not, or do you have to appeal to your Secretary?

I would like to find the chain of command here. And I might say I do this, first, because of my great respect for your experience and what I have heard about your ability, and, secondly, because I have been reading at length some of the lengthy reports of the General Accounting Office with respect to the great waste that has been going on in the Department of Defense in various fields in recent years.



So it has always been my experience that the most important way to eliminate waste is to have people who are working find out whom they are working for and what they are supposed to do and who is working for them.

I think those are the three major rules.

I do not understand this situation, and I never have—it is not new—as to just what would be your position in one of those Councils if you just did not believe that the decision was in the best interests of the Defense.

Mr. MORSE. Now, when you say "council," Mr. Senator, you are speaking of, let us say, our R. & D. Policy Council?

Senator SYMINGTON. Whenever you meet with Director York, for whom I have great respect, and he says, "This is what I want you to do," I cannot quite figure what would be the decision if what he said was against what you and Secretary Stahr thought was right.

Then I would like to know whether or not you make your decision at that meeting or whether you have to refer it back to the Secretary of the Army, who, in turn, has to take it up with the Secretary of Defense, who then tells Dr. York whether or not he agrees with Dr. York or whether he agrees with the Army.

Mr. MORSE. Well, I am sure I do not need to tell you that this is not a question one can answer simply, as one might think.

This is brought about by a budgetary cycle, in my opinion, primarily which is terrible, as you know. It is a victim of democracy.

Many of the problems with which we are concerned—say, a conflict between Dr. York and myself, or the Air Force and myself, or something like that—normally revolve around funds.

It is very seldom that the three or the four of us, including York, would sit down and have a basic disagreement on a technical basis.

After all, these are things which can be reduced to fact, and I think we are all relatively reasonable people, and we tend to see things the same way.

But when you introduce the roles and missions problems, of which we have many, and when you introduce the budgetary cycle and the apparent shortage of funds, because we are all trying to do more things than we can afford, that is the area in which we have our conflicts.

Now, when we have a conflict there, it is all very well for York, for example, to tell me that we must reprogram \$50 million; otherwise, we cannot do a particular project within the Army.

Of necessity, if it is outside the R. & D. field, obviously it would be developed with Secretary Stahr and with the Chief of Staff, and it would then impinge, say, upon our military posture, our requirement for modernization, or personnel, manpower.

I cannot get into that area as it is not my job, so we automatically, and of necessity, must go to higher authority within the Army.

If we find it is impossible to derive the funds within the Army, there are only two other courses of action:

One is for emergency funds which in the case of R. & D. I have to go to York for, and I spend a good part of my time doing this.

If it is supplemental appropriations from Congress, then it is a matter, of course, of going around the long loop with which you are very familiar.

If we are asking for military construction for a new lab, we can be certain that we will get nothing in less than 3 or 4 years, which is totally out of line with the way it is done in Russia.

I do not know if I have answered your question, but I have done the best I can.

Senator SYMINGTON. I think you have shed a lot of light.

Chairman RUSSELL. I think I should mention the law creating Dr. York's office.

When we passed the Defense Reorganization Act in 1958, we tried to emphasize the importance and the dignity and the authority of the Director of Defense Research and Engineering.

Mr. MORSE. He has got it.

Chairman RUSSELL. It certainly gives him powers that are much greater than any Assistant Secretary of Defense has.

He does not have to go through any secretary of the services in dealing with research and development programs. He can direct them himself.

Mr. MORSE. He has the Bureau of the Budget, however, that controls him. He does not run them.

Chairman RUSSELL. No, he does not run the Bureau of the Budget. Neither does the Secretary of Defense.

Senator SYMINGTON. The chairman is emphasizing my point.

It is often hard, as you know, to do well in business even with a profit motive, and the way you try to get profit is through a good organization.

It is even harder to work efficiently, where you have no profit motive, and I have never seen anything like this organization before in my life, and I hope I never see anything like it again.

I remember when I was Secretary of the Air Force, my Under Secretary, who had some reasonable business experience, as president of the largest merchandising organization in the history of this country, came back from one of these meetings and said he would never go to another. He would rather resign.

And I said: "Well, you just go back there and whatever you say is the final word. You have had great experience."

And he said: "Well, there is no use of my going back with that because the others have not got it."

I am interested in this "two-hat" situation. As you know, we have the "two-hat" problem in the military because the Joint Chiefs of Staff are men who report to their Secretaries as chiefs of their respective services and report to the Secretary of Defense as members of the Joint Chiefs.

It is involved.

I just wish you well and look forward to voting for your confirmation, based on the fine experience that you have had in this field and your willingness to be a public servant despite some of the laws that we passed.

I have no further comments or questions.

Chairman RUSSELL. I ask that there be printed in the record at this juncture of the hearing a part of section 9 of the Reorganization Act of August 6, 1958, which creates the Office of Director of Defense Research and Engineering and defines his powers, duties, and authority—which is very broad in relation to research and development.

(The section of the Reorganization Act of 1958 referred to above is as follows:)

ESTABLISHING THE DIRECTOR OF DEFENSE RESEARCH AND ENGINEERING

SEC. 9. (a) Section 203 of the National Security Act of 1947, as amended, is amended by redesignating subsections "(b)" and "(c)" as subsections "(c)" and "(d)", respectively, and by inserting a new subsection "(b)" as follows:

"(b) (1) There shall be a Director of Defense Research and Engineering who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, who shall take precedence in the Department of Defense after the Secretary of Defense, the Deputy Secretary of Defense, the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force. The Director performs such duties with respect to research and engineering as the Secretary of Defense may prescribe, including, but not limited to, the following: (i) to be the principal adviser to the Secretary of Defense on scientific and technical matters; (ii) to supervise all research and engineering activities in the Department of Defense; and (iii) to direct and control (including their assignment or reassignment) research and engineering activities that the Secretary of Defense deems to require centralized management. The compensation of the Director is that prescribed by law for the Secretaries of the military departments.

"(2) The Secretary of Defense or his designee, subject to the approval of the President, is authorized to engage in basic and applied research projects essential to the responsibilities of the Department of Defense in the field of basic and applied research and development which pertain to weapons systems and other military requirements. The Secretary or his designee, subject to the approval of the President, is authorized to perform assigned research and development projects: by contract with private business entities, educational or research institutions, or other agencies of the Government, through one or more of the military departments, or by utilizing employees and consultants of the Department of Defense.

Chairman RUSSELL. Senator Bush?

Senator BUSH. Mr. Morse, concerning your investments that you filed here, this is your situation as of today, recently during your service as Director? This has been your position financially during the past year or so? I do not mean down to the last item, but substantially.

Mr. MORSE. Yes.

Senator BUSH. So that, as I see it, what you are doing really is just changing titles, but your work and responsibility will be about the same with perhaps greater authority. Is that right?

Mr. MORSE. That is essentially it.

Senator BUSH. I have no further questions.

Chairman RUSSELL. Senator Thurmond?

Senator THURMOND. Mr. Morse, I think your training is excellent and you are well qualified for this position. I feel that the Army is fortunate to have you.

I shall not ask you any questions about a few things I have on my mind. Especially was I thinking of the NIKE-ZEUS and the development of chemical and biological warfare. But I do want to express the hope that in those two fields that emphasis will be given, as I feel a vital necessity for it for national defense.

Mr. MORSE. I would say in the biological and chemical warfare field we have a very good field and we have a triservice interest.

After all, the Army is the principal developer of the materials for defense or offense. It is up to the Air Force and the Navy, particularly the Air Force, to develop the delivery systems.

I think this is now being done by working together with the other two services.

Senator THURMOND. Is there any change in the Chief of your Development and Research in the Army?

Mr. MORSE. No, sir; General Trudeau is still in charge.

Senator THURMOND. He is a very able man and has done a splendid job.

Mr. MORSE. Yes, sir.

Senator THURMOND. He is being retained?

Mr. MORSE. Yes, sir.

Senator THURMOND. I am glad to hear that.

Chairman RUSSELL. Does that conclude your questions, Senator?

Senator THURMOND. Thank you, Mr. Chairman.

Chairman RUSSELL. Senator Cannon?

Senator CANNON. Mr. Morse, do you agree with Dr. York, insofar as the NIKE-ZEUS program is concerned, that we should not proceed with the development of the long-range—

Mr. MORSE. No, sir. Dr. York and I are diametrically opposed.

Senator CANNON. In other words, you have confidence in that system now, and your recommendation will be that we should go ahead with the procurement of long leadtime items?

Mr. MORSE. Yes.

I would like to qualify that statement a bit. There are many areas where Dr. York and I agree on ZEUS. I think his opposition, as opposed to my desire to proceed, is based on different, perhaps, objectives.

I have never felt that we should proceed with all-out production, and I do not today.

But I do feel that we must find a mechanism whereby we can buy time, possibly up to 2 years, and so we have made a study to show whether it might or might not be feasible to do a limited rate of production, which involves preproduction engineering, tooling, doing the kinds of things which we know are going to be troublesome, now, so we can at any time between now and 4 years hence—we would not be caught napping, if we suddenly need production.

So this has been the approach I have had in the past year.

I think Dr. York is more amenable to that approach than he was to the all-out productive effort to which he was very violently opposed.

But he still does not feel we should do anything other than research at the moment, and I think in that respect he is wrong.

Senator CANNON. Getting back to Senator Symington's line of questioning, do you have a chain of command where you can appeal his decision or is his decision final in that area?

Mr. MORSE. This comes back to the funding mechanisms. I can go over his head to Secretary McNamara. It would not be a tactically good thing to do, in any case. But you come back here to funding.

The procedure we have specifically on ZEUS, I set up a committee with representatives from Dr. York's office, and we come up with particular recommendations for an early deployment rate.

Dr. York, himself, I know, is opposed to this. I was asked by Secretary Gates to brief the Joint Chiefs of Staff, which I did, with Dr. York there. He sits with them, or at least on this occasion he did.

They have, in turn, then recommended—I assume they have recommended—to the current Secretary of Defense a position based on a military requirements viewpoint, as has NORAD.

Now, my line of command on this, or chain of implementation, if you will, would involve having the Secretary of the Army write the Secretary of Defense, saying:

"We believe this is a good national effort. Here is the way we think the Army should implement it."

So this would go to the Secretary of the Army and Secretary of Defense in the same way I would be talking to York. It involves funds.

Now, insofar as it might be a reprogramming, let us say, of a technical effort within the ZEUS program, York and I would handle this directly, assuming it was within the confines of available money.

Senator CANNON. In other words, insofar as the money is available, he would have the authority to tell you you can reprogram in the ZEUS program to do such and certain things?

Mr. MORSE. That is right.

Senator CANNON. Nothing further.

Chairman RUSSELL. Senator Byrd?

Senator BYRD of West Virginia. Mr. Chairman, I have nothing to say in connection with Mr. Morse's nomination except this:

I congratulate him on his past service. I think he has made a very splendid appearance here today, and I look forward to voting for his confirmation.

Chairman RUSSELL. If there are no further questions, Mr. Morse, we thank you for your appearance here, and we congratulate you for the splendid services you have been rendering and that we know you will continue to render in the future.

### **NOMINATION OF WILLIAM F. SCHAUB, TO BE ASSISTANT SECRETARY OF THE ARMY**

Chairman RUSSELL. The next nominee is Mr. William F. Schaub, who has been nominated to be Assistant Secretary of the Army.

He has been serving as Chief of the Military Division of the Bureau of the Budget and is undoubtedly known to many members of the committee.

We are pleased to have you here, Mr. Schaub, and we will be glad to have you give us a brief biographical statement.

### **STATEMENT OF WILLIAM F. SCHAUB, NOMINEE TO BE ASSISTANT SECRETARY OF THE ARMY**

Mr. SCHAUB. Mr. Chairman, I was born and raised in Sandusky, Ohio.

I went to college at the University of Pennsylvania and graduated from the Wharton School of Commerce.

Following that, I had various miscellaneous experience in real estate and insurance, bus transportation in Florida and Connecticut, and during the recession period of the 1930's I became connected with the relief work in the State of Ohio and the CWA Federal employment, and gradually came up through the Works Progress Administration to be Director of Procedures in Washington in 1941, and moved over to the Bureau of the Budget in that year.

Since then I have been connected with the programs in the military area almost continuously, starting with the War Production Board

during World War II, many of the other emergency agencies at that time, and took over the Navy budget activity in January of 1945.

Since that time, I have been almost directly related with the military budgets and programs until this time.

(The biography of Mr. Schaub is as follows:)

WILLIAM F. SCHAUB

William F. Schaub was born in Sandusky, Ohio, May 5, 1899. He received his A.B. degree in 1921 from the Wharton School of Commerce, University of Pennsylvania. Was assistant division superintendent and manager of bus lines in Florida and Connecticut from 1925 to 1929; insurance and real estate broker in Sandusky, Ohio, from 1930 to 1934; county auditor, Federal Emergency Relief Administration in Ohio from 1934 to 1935; State Finance Examiner, District Superintendent of Finance, Assistant Director and Director of Procedures, respectively, of the Work Projects Administration in Ohio and Washington, D.C., from 1936 to 1941. In 1941 he joined the staff of the Bureau of the Budget, Estimates Division, working with the Emergency Organization Section handling such agencies as the War Production Board, Office of Price Administration, Smaller War Plants Corporation, and other wartime agencies. In 1945 he became chief of the section handling the Navy Department, Maritime Commission, and War Shipping Administration. In 1948 he became chief of the branch handling the Department of Defense, National Security Council, National Advisory Committee for Aeronautics, and American Battle Monuments Commission. In 1949 he was appointed Deputy Assistant Director for Estimates, having responsibility for military and foreign-aid programs. When the Bureau of the Budget reorganized in 1952 he was appointed Chief of the Military Division, having responsibility for budgets and programs of the Department of Defense, Atomic Energy Commission, National Advisory Committee for Aeronautics (currently National Aeronautics and Space Administration), and American Battle Monuments Commission.

Chairman RUSSELL. Senator Symington?

Senator SYMINGTON. Mr. Schaub, I am always glad to see you, sir. I was a little surprised at this appointment.

Mr. SCHAUB. I was, too, sir.

Chairman RUSSELL. I join in that, in view of the extensive discussion of what the Bureau of the Budget was doing to the Department of Defense.

Mr. SCHAUB. This just proves our objectivity, sir.

Senator SYMINGTON. Two things occur to me: First, in my opinion, the Army has been somewhat of a stepchild in recent years. It does not seem to have whatever it is, the glamour or pull, or whatever the proper words would be, with the Bureau of the Budget. I can speak from experience that when the cutting started, you were a good knife wielder.

I am just wondering whether you are going to look at this situation now from the standpoint of the Army or from the standpoint of the Bureau of the Budget?

I know you would want me to be frank in what is running through my mind, and I know it is running through other people's minds.

Mr. SCHAUB. Senator Symington, I would be the first to admit that I have an adjustment to make, and I find it most interesting and challenging.

I find that it is not difficult to be objective when you have something to support. Our problem is to get something to support, and I think it can be done.

As you well know, budgets and appropriations are arrived at largely on the basis of what they are needed for and how they are justified.

We hope to do more for the Army in that respect.

Senator SYMINGTON. Mr. Chairman, I have no further questions.

I would hope that Mr. Schaub is as interested in the future of the Army as many of us are, and I am sure he is, or he would not take the job.

Mr. SCHAUB. That is the main reason I am taking it.

Chairman RUSSELL. Senator Smith?

Senator SMITH. I have no questions, Mr. Chairman.

Chairman RUSSELL. Senator Thurmond?

Senator THURMOND. Mr. Chairman, I have no questions.

I think Mr. Schaub is a very able man, and I congratulate him on the appointment. I feel we are very fortunate to have a man of his qualifications to assume this position, and I am sure that he will manifest a deep interest in the Army because it is essential, in my opinion, that we take steps to maintain an Army of the size necessary to meet limited wars anywhere in the world and also to go forward with programs that, in my opinion, should have been started years ago.

I think the modernization of the Army, of its equipment and so forth, needs attention, and I am sure that he will give these matters prompt attention.

Mr. SCHAUB. Yes, sir.

Chairman RUSSELL. Senator Cannon?

Senator CANNON. No questions.

Chairman RUSSELL. Senator Byrd?

Oh, pardon me, Senator Bush.

Senator Bush?

Senator BUSH. Mr. Chairman, like yourself, I am very much interested in this appointment. I think it is a fine one, as far as the qualifications are concerned for the job.

I am more disturbed about the hole it is going to leave in that Budget organization than anything else, and I wonder whether you feel—have you developed an organization in the military planning end of Budget that you think can carry on the work that you have headed so ably and so long?

Mr. SCHAUB. I think it is well recognized that we have built over in the Bureau a major strength in this area. It has been our objective to maintain it and to build it. My successor has been with me since 1936, and the strength he has with him there, I am fully confident will carry on better than it has in the past.

Senator BUSH. I think this is a splendid appointment, Mr. Chairman. I have no questions.

Chairman RUSSELL. Senator Byrd?

Senator BYRD of West Virginia. Mr. Chairman, I have no questions.

Chairman RUSSELL. Mr. Schaub, we are glad to have heard from you this morning. I believe that that concludes the open session of the committee.

The committee will now resolve itself into executive session.

(Whereupon, at 11:32 a.m., the committee went into executive session.)

