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NATIONAL SECURITY COUNCIL MEMBERSHIP
FOR THE SECRETARY OF THE TREASURY

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BEFORE THE

COMMITTEE ON ARMED SERVICES

UNITED STATES SENATE

NINETY-FOURTH CONGRESS

FIRST SESSION

ON

S. 2350

TO AMEND THE NATIONAL SECURITY ACT OF 1947, AS
AMENDED, TO INCLUDE THE SECRETARY OF THE TREAS-
URY AS A MEMBER OF THE NATIONAL SECURITY COUNCIL

SEPTEMBER 26, 1975

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(II)

NATIONAL SECURITY COUNCIL MEMBERSHIP FOR THE SECRETARY OF THE TREASURY

FRIDAY, SEPTEMBER 26, 1975

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

The committee met, pursuant to notice, at 10 a.m., in room 212, Russell Senate Office Building, Hon. John C. Stennis (chairman) presiding.

Present: Senators Stennis, Symington, and Leahy.

Also present: T. Edward Braswell, Jr., chief counsel and staff director; W. Clark McFadden, II, counsel; John T. Ticer, chief clerk; Phyllis A. Bacon, assistant chief clerk; Edward B. Kenney, Robert Q. Old, and James C. Smith, professional staff members; David A. Raymond, assistant to Senator Symington; Fred Ruth, assistant to Senator Bartlett.

The CHAIRMAN. The hearing this morning is on S. 2350.
[The bill, S. 2350, follows:]

[S. 2350, 94th Cong., 1st Sess.]

A BILL To amend the National Security Act of 1947, as amended, to include the Secretary of the Treasury as a member of the National Security Council

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the fourth paragraph of section 101(a) of such Act is amended by redesignating clauses (5), (6), and (7) as clauses (6), (7), and (8), respectively, and by adding after clause (4) a new clause (5) as follows:

“(5) The Secretary of the Treasury;”.

The CHAIRMAN. Senator Symington, we are delighted to have you here this morning as both a legislator and as a witness, and we will proceed now.

I understand you have an explanation of your bill. This bill has attracted my most favorable attention. I note it has attracted the favorable attention of others. I think it is a fine, timely move, but we want to hear from you first. For the benefit of the record, any material you think is relevant, we would ask that be put in the record.

STATEMENT OF HON. STUART SYMINGTON, A U.S. SENATOR FROM THE STATE OF MISSOURI

Senator SYMINGTON. Thank you, Mr. Chairman. May I first say that I appreciate deeply your calling this hearing promptly. I have received a good many letters of support from our colleagues—I would say around 20—and many have asked to cosponsor the legislation.

This does not seem to me to be in any way a matter of contention. And if it meets with your approval, sir, I would like to read a short statement.

The CHAIRMAN. That will be fine. I also want any correspondence you have.

Senator SYMINGTON. Thank you, sir.

I appreciate the opportunity this morning to testify in support of this bill which I introduced on the Senate floor on September 17.

The inclusion of the Secretary of the Treasury as a statutory member of the National Security Council would strengthen this Council, which, under the National Security Act of 1947, as amended, has the function "to advise the President with respect to the integration of domestic, foreign, and military policies relating to the national security, so as to enable the military services and other departments of the Government to cooperate more effectively in matters involving national security."

Membership on the National Security Council is presently limited to the President, Vice President, the Secretary of State, and the Secretary of Defense.

It is becoming increasingly apparent, however, for reasons which I shall now cite, that the absence of the Nation's chief economic official from the National Security Council can no longer be justified.

The original National Security Act provided for seven statutory members: the Secretaries of State, Defense, the Army, the Navy, the Air Force, as well as the Chairman of the National Securities Resources Board.

During the administration of President Truman, I served on this Council, first as Secretary of the Air Force, then later as Chairman of the National Security Resources Board.

When in 1949, the services ceased to be executive departments, becoming instead military departments within the Department of Defense, the Service Secretaries were properly dropped from the Council membership; and at that time the Vice President was added.

I might add that that bill was introduced by my father-in-law, the late Senator James W. Wadsworth, Jr., then a Congressman, because he thought it would help the Vice President know more about the Government, if something should happen to the President.

Since then, membership on this National Security Council has included at various times such departmental heads as the Directors of the Mutual Security Agency, Foreign Operations Administration, Office of Defense Mobilization, Office of Emergency Planning, and Office of Emergency Preparedness.

These offices no longer exist; and, therefore, as mentioned, the Council comprises but four statutory members: the President, the Vice President, the Secretary of State, and the Secretary of Defense.

Today, however, the Secretary of State also serves as Special Assistant to the President for National Security Affairs and head of the Council staff. In this latter position, the Secretary can, of course, determine what issues should come before the Council and what should not. Moreover, he can attend Council meetings as Special Assistant to the President, yielding his seat as Secretary of State to the Deputy Secretary.

At the same time, the Secretary of Defense is generally accompanied at Council meetings by the Chairman of the Joint Chiefs of Staff.

The Secretary of the Treasury, however, is not a statutory member of the Council, and therefore has no voice unless his presence is requested.

Inasmuch as a sound economy, with a sound dollar, is vital to national security, should there not be concern that our Nation's chief fiscal and monetary officer—the Secretary of the Treasury—has no statutory right to participate in these high level discussions of national security issues; issues which today obviously relate to his area of special knowledge and responsibility; and issues about which all responsible citizens, regardless of party or position, are becoming increasingly concerned.

We all know that true national security is not limited to diplomatic activities or possible military threats; that such security also includes domestic well-being.

The Federal deficit this year is already estimated to reach an unprecedented \$70 billion and budget authorities believe that over the next 2 years there will be an even greater deficit.

Many American cities are on the brink of bankruptcy; and inflation and unemployment continue unabated. This puts the squeeze not only on the unemployed but also on the working poor, the middle class, and banking and business.

Surely the problems incident to this aspect of national security deserve the attention of members of the National Security Council. In fact, the 1947 statute itself calls for consideration of domestic problems along with those having to do with diplomacy and the military.

We all know how intimately our domestic economy is related to foreign developments—the Mideast oil boycott and the sales of agricultural products to foreign countries are but two examples.

Indeed it would appear that economic issues will loom ever larger as a factor which affects our security. These issues will increasingly determine not only our domestic policy but also our relationships with the rest of the world.

The Murphy Commission on the Organization of Government for the Conduct of Foreign Policy, in its June 1975 report, recognized that economic policy has become so central to both foreign and domestic policy it should no longer be considered separately. Accordingly, the Commission recommended that "membership of the National Security Council be expanded to include the Secretary of the Treasury, and its jurisdiction be enlarged to include major issues of international economic policymaking."

It is interesting to note also that as early as 1949, former President Hoover, then Chairman of the Commission on the Organization of the Executive Branch of Government, declared in testimony before the Senate Armed Services Committee: "It would seem to me that certain fundamentals of economics ought to be represented on the Commission—the National Security Council—because the Nation is in as much jeopardy from economic overstrain as it is from military destruction. I was in hopes that the composition of the Council would be widened out, with more representation from the economic side."

Mr. Hoover added: "I have the feeling we are discussing problems that are constantly intermixed ones—one is economic capacity and others are preparedness and action in war."

This suggestion came from a man who was President during the Great Depression. He knew, from hard experience, just what a serious economic threat could mean to this country.

After over 30 years in the Federal Government, 7 of which were in the executive branch, 23 in the Senate, I have come to believe that true national security embraces 3 basic components: (1) the ability to destroy any possible enemy, and the certainty on his part that we have that ability; (2) a sound economy, with a sound dollar; and (3) the belief of the people in the system—in their form of government; in other words, credibility.

Those of us who have studied the military problem over a period of years believe we are in excellent shape with respect to our current defense posture; and one might hope that in recent months the faith of the people in our Government is being restored. With respect to the economy, however, we all know that the situation has been deteriorating domestically, as well as internationally.

These are the major reasons, Mr. Chairman, why I have introduced this bill. It is short and simple, merely providing for the Secretary of the Treasury to also become a statutory member of the National Security Council.

It is a bill which is predicated upon the need for our vital economic interests also to be represented in the formulation of national policy. That is the sole purpose of my bill and I urge its approval by the committee.

Just this morning, I noticed an interesting editorial in the Wall Street Journal, and I will read just a part of it:

Two months have elapsed in the government's fiscal year. We notice the budget deficit is, so far, \$18.1 billion, a simple calculation which suggests that the government is failing to cover its costs to the tune of over \$100 billion a year. Now, we add, this is only a rough calculation, without consideration of seasonable factors or possible economic recovery, but even if the government manages to hold the deficit to \$70 billion, or so, it is dealing with mind-boggling numbers. The total personal savings of all Americans last year amounted to only \$77 billion and gross retained earnings of business, the other component of the nation's savings, totalled only \$136 billion. In the face of the prospect that Federal overspending could use up nearly half the nation's savings this year, we still have people, assorted other blank-check writers in Washington, following the philosophy money doesn't matter. It is easy to be brave in the face of such numbers when you are spending or cheapening someone else's money.

Mr. Chairman, that is the way I feel about it.

I understand Saudi Arabia has now passed us in monetary reserves and is second only to West Germany.

It is interesting to note also that in January 1923 a dollar was worth 70,000 marks, but just 11 months later in December of 1923 a dollar was worth 4.3 million marks. I don't predict anything like that for this country, but it is possible, unless we get some hold on the economic picture.

Now, the President is the Chairman of the National Security Council, and he makes the decision; and the Secretary of Defense is there and is invariably accompanied by the Chairman of the Joint Chiefs; and the Secretary of State is there, and he is not only the Secretary of State but also the Assistant to the President for National Security Affairs, so the presence of the Secretary of the Treasury would provide, I believe, much-needed balance, though of course, he would be

badly outnumbered if the others did not think what he recommended from an economic standpoint was right.

The CHAIRMAN. Thank you. That is a very fine statement, Senator, a very fine presentation, and a good editorial. I am glad you read it. As I said, I support your bill. I think it will receive very favorable consideration. I do think it needs a little time to permeate and be understood and avoid being misunderstood. This is not a partisan matter, or anything like that, with you or with anybody else, but I have had inquiries wanting to know about it.

When we do recess, we will recess subject to the call of the Chair for such other witnesses as may want to testify.

Senator SYMINGTON. Thank you, Mr. Chairman. That is entirely satisfactory to me. I appreciate your courtesy in moving it along.

[Recess.]

The CHAIRMAN. Our committee will please come to order.

Senator SYMINGTON. On page 4 of the report of the Commission on the Organization of Government for the Conduct of Foreign Policy, dated June 1975, which I previously referred to; there is this quotation, which I would like to read for the record:

Since 1947, the basic White House machinery for the resolution of major foreign affairs issues has remained remarkably stable. The National Security Council (NSC) has afforded its members a useful mechanism for the airing of differences, the discussion of alternatives, the stating of recommendations, and the making of Presidential decisions. Perhaps even more important has been the development of a small but able NSC staff, headed by the Assistant to the President for National Security Affairs.

The nature of foreign policy problems has changed since 1947. So has the nature of international power. Increasingly, economic forces define the strength or weakness of nations, and economic issues dominate the agenda of international negotiation. National security policy is no longer simply a mix of diplomatic and military affairs. Properly understood, national security embraces economic policy too. Accordingly, the membership of the National Security Council should be expanded to include the Secretary of the Treasury, and its jurisdiction expanded to include major issues of international economic policy-making.

That is the Murphy Commission.

The CHAIRMAN. That is good. Senator, let me ask you a question or two. In your original statement, did you list several offices that no longer exist?

Senator SYMINGTON. That is right.

The CHAIRMAN. These were at one time members of this Council?

Senator SYMINGTON. That is right.

The CHAIRMAN. I remember you said the Office of Economic Preparedness.

Senator SYMINGTON. Yes. For instance, it got to be an interesting situation. I was a member of the first National Security Council. It was ridiculous to have me as Secretary of the Air Force reporting to the Secretary of Defense, the first one being Jim Forrestal, and then coming to the NSC meeting as his equal. Then they changed the law 2 years later to unify the military departments under the Secretary of Defense, and so they very properly removed me and removed Gordon Gray, the Secretary of the Army, and a fellow by the name of Matthew, who was Secretary of the Navy.

But, in any case, then the President asked me to help mobilize for the Korean War. So when I left the Air Force I became Chairman of the National Security Resources Board, which was at that time also a statutory position on the National Security Council.

Then, the name of that was changed to the Office of Defense Mobilization, which later became the OEP; and the OEP itself was later abolished.

The only position that has been added and which has remained since the beginning, and very properly so, is the Vice President.

The CHAIRMAN. What about item 7 here: "The Secretaries and Under Secretaries of other executive departments and of the military department"—are they members now?

Senator SYMINGTON. Under item 7, the President may appoint, with the advice and consent of the Senate, those Secretaries and Under Secretaries of other executive and military departments that he desires. I do not believe any President has exercised this power so as to make anyone a permanent member. There are today only four permanent members by statute.

The CHAIRMAN. Yes. As I said, I favor your bill, but I did think, with all deference, that the Foreign Relations Committee bill that we had recently went a little too far in putting in there, not as a member, but putting so close in there the Director of Disarmament. We modified that on the floor some, with Senator Humphrey's consent. He was handling the bill.

Senator SYMINGTON. And I agreed.

The CHAIRMAN. And we modified it.

Senator SYMINGTON. I agreed with that. I thought it was right. I thought the modification was right.

The CHAIRMAN. Yes, that reflected my thought. I thought we had the benefit of him; but still the membership here, at this high level, ought to be limited. Of course, you can build up the same logic and want to add some.

Senator SYMINGTON. Off the record.

[Discussion off the record.]

The CHAIRMAN. Another thing about your bill, and this is a high level group, of course, with advisers to the Commander in Chief; the President, but they are all appointees of the President. So it is not an adversary thing.

Senator SYMINGTON. No, Senator.

The CHAIRMAN. Your bill is not an adversary step at all.

Senator SYMINGTON. No.

The CHAIRMAN. It is purely in keeping with the line of authority there, coming from the President. I think it will add a voice. Now, there are different kinds of Secretaries of the Treasury, you know. Secretary Simon happens to be one that I think is doing a good job. He is able and he is positive.

Senator SYMINGTON. Secretary Simon impresses me, too. He has done very well in business. His senior partner, Billy Solomon, happens to be a good, personal friend of mine and is head of Solomon Brothers. They think very highly of him up there. He is a very able, intelligent man. If you have that kind of experience in the Government, I don't see why it isn't utilized when matters involving our national security are considered.

The CHAIRMAN. We will take a recess, subject to the call of the Chair, with the idea of passing on it next week.

Senator SYMINGTON. Yes. I would like to move this along as soon as possible, so I could go and talk to the House Members about it.

The CHAIRMAN. All right, subject to the call of the Chair then, we will take a recess. This bill will come up at the next meeting.

Senator SYMINGTON. Thank you very much.

[Whereupon at 11 p.m., the committee recessed, subject to the call of the Chair.]

The Chairman: We will take a recess subject to the call of the Chair.
 with the issue of reading on a next week.
 General Patterson: Yes I would like to move this along as soon
 as possible and I would like to have the House take action on it.
 The Chairman: All right subject to the call of the Chair there
 will be a recess. This bill will come up at the next meeting.
 General Patterson: Thank you very much.
 [Whereupon at 11 p.m., the Committee recessed subject to the call
 of the Chair.]





