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NOMINATION OF W. GRAHAM CLAYTOR, JR., TO
BE DEPUTY SECRETARY OF DEFENSE

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HEARING

BEFORE THE

COMMITTEE ON ARMED SERVICES

UNITED STATES SENATE

NINETY-SIXTH CONGRESS

FIRST SESSION

ON

NOMINATION OF

W. GRAHAM CLAYTOR, JR., TO BE DEPUTY SECRETARY OF
DEFENSE

JULY 26, 1979

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(11)



NOMINATION OF W. GRAHAM CLAYTOR, JR., TO BE DEPUTY SECRETARY OF DEFENSE

THURSDAY, JULY 26, 1979

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

The committee met at 9:30 a.m., pursuant to notice, in room 318, Russell Senate Office Building, Hon. John C. Stennis (chairman) presiding.

Present: Senators Stennis, Jackson, Cannon, Byrd of Virginia, Tower, Goldwater, Warner, and Jepsen.

Also present: Francis J. Sullivan, staff director, John T. Ticer, chief clerk; Phyllis A. Bacon, assistant chief clerk; Rhett B. Dawson, counsel; Robert S. Dotson, Louise R. Hoppe, E. George Riedel, James C. Smith and George F. Travers, professional staff members; Lynn E. Cowart and Marie F. Dickinson, clerical assistants; Frank Krebs, assistant to Senator Cannon; Jeffrey Record, assistant to Senator Nunn; John Stirk, assistant to Senator Morgan; Beth Gilman, assistant to Senator Goldwater; and, David Fitzgerald, assistant to Senator Humphrey.

Chairman STENNIS. Ladies and gentlemen, this is a specially called meeting of the committee at 9:30 this morning for the purpose of considering the nomination that has been sent to the Senate by President Carter of Hon. W. Graham Claytor, Jr., presently of the District of Columbia, to be Deputy Secretary of Defense. This nomination was sent to the Senate Saturday, July 21. On behalf of the membership I decided to call this meeting today and put the nomination before the committee.

There is a provision of law that does not need to be cited—it has come into play before—that the Deputy Secretary of Defense is given certain authority and, more particularly, should the Secretary of Defense be unavailable—and this is a matter that sometime might arise, the position should not be left open while we are in what is called the August recess; that is the main reason we are really trying to meet now. If we approve this, and I am sure we will, of course, then he will be available if the situation should develop.

Mr. Claytor, in time you will have a chance to make remarks. We have already checked out your record and everything with reference to you and have found it all in order and meeting all the requirements of the committee.

In addition thereto you are no stranger. You have made imprints here in Washington with regard to the problems of the military and particularly the Navy, where you have done an outstanding job as

Secretary of the Navy. You have been of invaluable aid to this committee in many, many ways and counseled with us in action and at the same time not exceeded your authority in any way.

It is especially good for me to see you nominated for this position. I know we are going to have continued excellent service from you following Mr. Duncan's excellent record. It is a real combination of strength that you will continue to give us.

I am glad to lay this nomination before the committee, and I would like to insert the nomination reference and report and your biographical sketch in the hearing record at this point.

[The nomination reference and report and biographical sketch follow:]

NOMINATION REFERENCE AND REPORT

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
July 21, 1979.

Ordered, That the following nomination be referred to the Committee on Armed Services:

W. Graham Claytor, of the District of Columbia, to be Deputy Secretary of Defense, vice Charles William Duncan, Jr.

Reported by Mr. Warner, July 26, 1979, with the recommendation that the nomination be *confirmed* subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

BIOGRAPHICAL SKETCH OF W. GRAHAM CLAYTOR, JR.

W. Graham Claytor, Jr., was nominated by President Carter to be Secretary of the Navy on February 7, 1977, confirmed by the Senate on February 11, and sworn into office on February 14, 1977.

Mr. Clayton was born in Roanoke, Va. on March 14, 1912, and is the son of Graham and Gertrude Harris (Boatwright) Claytor. He married the former Frances Hammond in 1948. They have two children: a daughter, Murray, and a son, Graham, III. Mrs. Claytor was commissioned Ensign in the Naval Reserve in 1942 and served throughout World War II in Eastern Sea Frontier headquarters. She was promoted to the rank of lieutenant commander prior to release from active duty in 1946.

Mr. Claytor received his bachelor of arts degree from the University of Virginia and is a graduate of the Harvard Law School, where he was President of the Harvard Law Review from 1935 to 1936.

After serving successively as Law Clerk to the late U.S. Court of Appeals Judge Learned Hand and to the late U.S. Supreme Court Justice Louis D. Brandeis, Mr. Claytor was admitted to the New York and District of Columbia bars, and from 1938 to 1967 was an associate and partner in the firm of Covington and Burling in Washington, D.C., with leave of absence for naval service in World War II.

He served on active duty in the U.S. Navy during World War II. Commissioned an Ensign in the Naval Reserve in September 1940, he came on active duty in January 1941 and was promoted to the rank of Lieutenant Commander prior to his release from active duty in 1946. During this period he served as Commanding Officer of a submarine chaser, USS SC-516 in 1942-43, and as Commanding Officer of USS *Lee Fox* (DE-65) from 1943 to 1944, and of USS *Cecil J. Doyle* (DE-368) from 1944 to 1945.

He joined the Southern Railway System on September 1, 1963 as Vice President-Law. He was elected President, Southern Railway Company, on October 1, 1967, and Chairman of the Board from March 1, 1976 until February 10, 1977. Mr. Claytor also served as President and a Director of Southern Railway System companies and as Chairman of the Board of the Central of Georgia Railroad Company and other affiliated lines of the Southern Railway System.

He is a member of the American Bar Association, the American Law Institute, the American Judicature Society, the Advisory Board of the University of Virginia's Center for Advanced Studies, and Harvard Law School Association.

He is an associate member of the American Society of Corporate Executives and the National Railway Historical Society.

Chairman STENNIS. Senator Cannon has just walked in; he may want a minute or two. Senator Warner is here. I will call on Senator Warner right now.

Senator WARNER. Thank you, Mr. Chairman. I have had the privilege of knowing Secretary Claytor for more than a decade. He was helpful to me when I had the opportunity to be Secretary of the Navy, and his roots go deep into my State of Virginia. I am pleased to be here this morning to participate in this hearing. I have every expectation that I shall add my support to his nomination for Deputy Secretary of Defense. Thank you, Mr. Chairman.

Chairman STENNIS. Thank you. Senator Cannon, I'll call on you at this time.

Senator CANNON. Thank you, Mr. Chairman. Mr. Secretary, I am delighted to see you here today. We certainly look forward to working with you in your new capacity. I hate to see you leave your temporary job as Acting Secretary of Transportation, but I understand how that is.

Incidentally, do you have any idea how soon we can expect a name to be sent up for the position that you are occupying temporarily now?

STATEMENT OF HON. W. GRAHAM CLAYTOR, JR., NOMINEE TO BE DEPUTY SECRETARY OF DEFENSE

Secretary CLAYTOR. No, sir, but my objective is to make it just as soon as possible. I am doing everything I can to urge fast action.

Senator CANNON. We visited yesterday on one of the problems that confront us with respect to the Northeast corridor. Would you give me a letter outlining your position on the one issue that we discussed yesterday with respect to that addition?

Secretary CLAYTOR. Yes, sir. That is being prepared now. I hope to get it down this morning.

Senator CANNON. Thank you very much. Mr. Chairman, I look forward to working with the Secretary in his new position.

Chairman STENNIS. I haven't heard any unanimity that exceeded the response to this appointment. It means that you have an awful hard job, too, starting out with such applause as you are getting, Mr. Secretary.

Now what do you have to say about that or anything else you might see fit to say?

Secretary CLAYTOR. Mr. Chairman, thank you. I am very honored that President Carter and Secretary Brown have asked me to serve in this new position. I have somewhat mixed feelings about it because I am firmly convinced that the best job in the executive side of the Government is Secretary of the Navy, which is the job I have.

I recognize that the position of Deputy Secretary of Defense is extremely important. My objective will be to try to be a worthy successor to Charles Duncan, with whom I have been working very closely during my tenure as Secretary of the Navy and for whom I have the very highest regard. I am pleased to have this opportunity to serve and I will try to do the best I can.

Chairman STENNIS. That is a good statement. I always warn the Deputy Secretary of Defense nominees "Look out; you are in for a battle." But you know what you are going into already.

Secretary CLAYTOR. Yes, sir; I understand it.

Chairman STENNIS. We all know that you will do well.

I have one little grievance here on another matter not connected with any pending bill or anything under special examination here. Secretary Claytor and I talked in my office 30 or 40 minutes a few days ago. I thought I would call him a few minutes after he left my office to say that he was a prospect for this position. He certainly carried it well. I had not said anything to him about it and didn't until after it came out officially. We are very proud of what has happened here.

Senator JACKSON, this is Secretary Claytor. I will call on you.

Senator JACKSON. Mr. Chairman, I don't think I need to ask any questions. I just want to say that Mr. Claytor is eminently qualified in my view to be Deputy Secretary of Defense. I think his background prior to being Secretary of the Navy has been one of qualification for that job.

I think he has a very difficult assignment. The Navy is in a lot of trouble. You made that point, Mr. Secretary, quite clear. We need to build up the Navy. I have admired your independence and I would ask of you only that you not hesitate to speak out. We are in a period, as you know, of great trouble in the Western World in terms of providing an adequate security.

I would hope that you will not hesitate to give your personal views. I realize you have to carry out to the best of your ability the policy of the administration, but I think you have demonstrated a sense of independence during your service as Secretary of the Navy. I would hope only that you would continue to do that because you bring to the office intelligence, you have been an outstanding lawyer, you have run a big railroad. I think you know how to deal with big things. Above all, I know that you have an understanding of the geopolitical situation. I just want to wish you well.

Secretary CLAYTOR. Thank you, Senator. Nobody has ever found me reticent about expressing my views. I don't think that is likely to change.

Senator JACKSON. You are a southerner. I would say you have a congenital advantage.

Chairman STENNIS. Gentlemen, I think that we could, by unanimous consent, extend this session for this purpose and run it with the same session that we are going to have later today. I move that we approve the nomination.

Senator WARNER. Mr. Chairman, might we ask questions? You offered opening statements but I would like to ask a question or two.

Chairman STENNIS. Let me finish my motion, gentlemen.

I move that we approve this nomination, and other Senators who wish to make statements and ask questions may do so now and during the day as they come in. Should there be other questions, I know Secretary Claytor will return here if that is necessary. We will let this matter lie on the table, as we say, until everybody has had a chance to express himself. I don't think we should close the door on anyone. That motion will just lie here.

Senator JACKSON. Mr. Chairman, I have a point of clarification. Mr. Duncan is coming up for confirmation hearings on Monday at 8

a.m. before my Committee on Energy. What is the plan? As I understand it, Secretary Schlesinger will leave on or about October first. Is Mr. Duncan going to resign and you take over forthwith or are you going over to Transportation?

Secretary CLAYTOR. Senator, I can tell you this: As far as my plans are concerned I can explain it. The President has asked me just temporary additional duty to serve as Acting Secretary of Transportation until someone can be designated for that job, which will be within 30 days, I feel sure, and hopefully, in less time than that.

I am continuing as Secretary of the Navy on leave while I am on that temporary assignment. It was our plan that I would not be sworn in as Deputy Secretary of Defense until I finish that assignment, whenever that is and when Secretary Duncan actually moves to the Energy job.

So the confirmation will leave me available to be sworn in at such time as we work these other things out. It gives us total flexibility to work it out that way. In the meantime I am on the payroll of the Navy and will continue so until I move to Deputy Secretary of Defense.

Senator JACKSON. So we have a number of Secretaries who will not be sworn in or the commissions won't be signed actually until certain dates between now and October first?

Secretary CLAYTOR. That is right, sir.

Chairman STENNIS. All right, gentlemen. I want Senator Tower to have a chance to say what he wishes. I must leave on another matter. I will be back for the 10 a.m. meeting. Senator Tower is recognized.

Senator TOWER. Thank you, Mr. Chairman. I just want to say that I am delighted that Mr. Claytor is being appointed Deputy Secretary of Defense. I think, Mr. Secretary, you have done a splendid job as an advocate for the Navy and I am sure you will do equally as well as Deputy Secretary of Defense.

I think if you have followed some of the testimony and the questioning which has been going on in this committee the past three days you will note there is concern among both proponents and critics alike over the SALT Treaty, about the state of our defense capability and the mounting momentum of Soviet capability and the imminent loss of essential equivalence.

I think that certainly a vast majority on this committee and I believe, a majority in the Senate want to make sure that programs are pushed that result in the modernization and improvement of our forces to the extent that we can actively face up to the threat.

I hope that you will advocate the overall improvement of our force structures—strategic, theater and conventional—with the same zeal and dedication as you have advocated seapower.

Secretary CLAYTOR. I shall certainly do that job. I feel very strongly about it.

Senator TOWER. Congratulations on your appointment. I don't know whether congratulations or condolences are in order. This position, in my view, is one of the most important jobs in the Government. I hope you will see with conviction, Mr. Secretary, that any Nation's No. 1 priority should be the security of its people and that national defense should be regarded as a top priority in the whole scheme of Federal activity and Federal spending.

Secretary CLAYTOR. I have so stated many times publicly and privately, Senator, and I believe that firmly.

Senator TOWER. Thank you very much, Mr. Secretary.

Senator CANNON [presiding]. Senator Byrd.

Senator BYRD. Thank you, Mr. Chairman. I just want to say that I am delighted with the appointment of Mr. Claytor to be Deputy Secretary of Defense. I congratulate you, Mr. Secretary, and even more than that, I congratulate the President on his good judgment in choosing you. I am happy to support your confirmation and look forward to working closely with you in this vitally important position.

Secretary CLAYTOR. Thank you very much, sir. I shall look forward to doing just that.

Senator CANNON. Senator Warner.

Senator WARNER. Thank you very much, Mr. Chairman. I think we should also recognize the presence of Mrs. Claytor. She will have to make, perhaps, even greater sacrifices if the new Secretary is to carry out his obligations because the family bears a heavy burden of the long hours involved in these heavy responsibilities.

Secretary Claytor, as the President reorganized his Cabinet he made clear his point that the members would be team players in this Cabinet. Would you care to provide us with your idea of what constitutes a team player?

Secretary CLAYTOR. Yes, sir. That has been one of my fundamental philosophies of management since I first went into the Southern Railway. You can't run anything without a team that is working together, that has full communication with each other, that has frank exchanges, and when a policy decision is finally made everyone carries it out. If it is a policy decision you really can't agree with, you leave. That is a team. It is the way I ran the Southern Railway. It is the way I have run the Navy.

We have had in the Navy an extremely effective team that consists of civilian on the one side and military on the other. We have had our differences. We worked them out. When the differences were settled, everybody got behind the answer and pushed. I think that is the way any big organization has to work. It is the way we are going to work and I will try to work in Defense.

There is no pulling of punches about positions. Obviously, for example, from my past position I look at expenditures for the Navy from the standpoint of what I think we need. I am not in a position to evaluate that need against other needs. One of the things I have never done is to say, "Give me more out of the Army," because I don't know what the Army's requirements are and I am not in a position to make that decision. I advocate it from my standpoint.

In my new position I am going to have to be a little bit more on the judge side. I shall express my views very strongly. But again in Defense we are not alone able to make the decision on the balance of requirements of a limited availability of funds against the other requirements of the Government.

I shall advocate my views, as I sure all of us in Defense have, and will continue to do that very strongly. When the decision is made I will stick with it unless I feel that it is one that is so against the

public interest that I can't go along. That is my feeling of the way a management team has to work.

Senator WARNER. Let me suggest another concept of this team player. As you recall, the last presidential race had injected into it certain promises made by the President and more specifically Vice President Mondale with respect to military bases and closing of military bases. Those promises were injected into this decision on the U.S.S. *Saratoga*, on which, as you recall only too vividly, there was competition between the State of Virginia and the State of Pennsylvania for that contract.

Now we are about to have another Presidential race. In all likelihood, the man who has nominated you might well be the nominee of his party. How would you address issues which relate to political promises in terms of national defense needs?

Secretary CLAYTOR. I will address them exactly as I have before. I made the decision on the recommendations with respect to the *Saratoga* on which I would consider the merits of the Defense Department. I have done the same thing on ELF, the underground submarine communication facility in Michigan, and I will continue to do just that.

My position is that I am going to take a position on the merits as I see them. I have done so in the past; I will continue to do so in the future.

Senator WARNER. In other words, if I interpret your answer properly, it is that you will make the decision in the best interest of national defense and cast aside all political promises as they may bear upon defense expenditures?

Secretary CLAYTOR. I have attempted to make all recommendations on that basis and will continue to do so. The final decision, when it is in the hands of someone else, may sometimes be accused of being on a political basis. I do not get into those issues. That is not my problem. If the merits are decided against me and I can accept them, I will accept them because one has to.

I am not omnipotent; I can be just as wrong as the next fellow. This is not an area where I intend to have anything to do whatever. When I have a responsibility for making a recommendation, it will be on the merits as I am able to see the merits. It has been that way, I assure you, while I have been in the Navy.

Senator WARNER. Yesterday during the course of our hearings on SALT, Senator Nunn, I thought, with a great deal of courage, brought out the fact that in all likelihood this nation has to come to grips with the need to expend more dollars on national defense, both strategic and conventional. Are you prepared to advocate similar strengthening in terms of expenditures even though there are those in the administration who want to reject that?

Secretary CLAYTOR. Senator, it is all a matter of degree. I am not prepared to take a fixed position on a fixed amount. I think from the beginning I have advocated the importance of maintaining our defense at the highest level we can afford, and I will continue to do so.

National defense is our insurance policy that we will remain a free nation. In my opinion it is the highest priority of any expenditure we have in the Government. I will continue to hold that position.

Senator WARNER. Thank you, Mr. Chairman.

Senator CANNON. Senator Jepsen.

Senator JEPSEN. Thank you, Mr. Chairman. I have no questions for Mr. Claytor. I have heard nothing except very fine things about you. I would echo Senator Warner's list of questioning. There are those of us who are very, very concerned about the future and posture of our military and defense of this nation and the commitments that are going to have to be made and kept whether we sign or don't sign the SALT agreement. Your answers to the Senator were both firm and, I thought, very responsible.

I wish you well and I am certainly going to support the nomination. Thank you.

Senator CANNON. Senator Goldwater.

Senator GOLDWATER. I have every confidence in the world in Secretary Claytor. He is the only man in the Cabinet with a wife who is a lieutenant commander.

Secretary CLAYTOR. That is right.

Senator GOLDWATER. That will keep you in line.

Secretary CLAYTOR. She is right here.

Senator CANNON. Mr. Secretary, we are delighted to have you here. Congratulations to you.

Now, Senator Stennis' motion will remain pending here so that the Senators may be recorded during the day.

If there is nothing further, that concludes the hearing this morning.

Secretary CLAYTOR. Thank you, Senator Cannon.

[Whereupon, at 9:55 a.m. the committee adjourned.]

Subsequent to this hearing the nomination of W. Graham Claytor was confirmed by the Senate to be Deputy Secretary of Defense on July 27, 1979.





