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THE WHITE HOUSE  
WASHINGTON

November 24, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JAMES T. LYNN

FROM:

JAMES E. CONNOR 

SUBJECT:

S. 2350, "to include the Secretary of the  
Treasury as a member of the National  
Security Council"

The President reviewed your memorandum of November 12th on the above subject and approved sending the proposed letter to Chairman Price of the House Armed Services Committee.

cc: Dick Cheney  
Jack Marsh

THE WHITE HOUSE  
WASHINGTON

November 21, 1975

MR PRESIDENT:

Staffing of the attached memorandum resulted in the following:

Messrs. Buchen, Friedersdorf, Scowcroft and Seidman approved OMB's recommendation to send the attached letter to the House Armed Services Committee.

Mr. Buchen added the following comments:

"This is to point out that there is an additional argument in opposition to the bill based upon 50 U.S.C. 402 (a), copy attached. (Tab A) Subsection 7 of section (a) provides that the President may appoint, subject to the advise and consent of the Senate, Secretaries of Executive Departments as members of the National Security Council. Thus, in addition to the President's current authority to invite Secretaries and Under Secretaries to participate in the Council's deliberations, he is also authorized to confer membership on any of these individuals. This cuts against any necessity for additional legislation."

Mr. Marsh disapproved OMB's recommendation.

Jim Connor



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

ACTION

NOV 12 1975

MEMORANDUM FOR: THE PRESIDENT  
FROM: JAMES T. LYNN  
SUBJECT: S. 2350, "to include the Secretary of the Treasury as a member of the National Security Council"

Legislative situation

S. 2350 would make the Secretary of the Treasury a statutory member of the National Security Council. It was introduced by Senator Symington on September 17. After the Armed Services Committee on September 26 heard a statement by Senator Symington supporting the bill, the Committee on October 2 in executive session voted 16-0 to report the bill favorably. The report was filed October 8. On October 9 the Senate passed the bill without debate. S. 2350 has been referred to the House Armed Services Committee.

No executive branch agency presented testimony or reported on S. 2350 during the Senate consideration.

Discussion

The National Security Council is provided for in the National Security Act of 1947. There have been several changes in membership since 1947. One added the Vice President; all others reflected organizational changes in the National Security area (e.g., dropping the secretaries of the military departments). Present membership is the President, the Vice President, the Secretary of State, and the Secretary of Defense. In addition to the named officers, secretaries and under secretaries of other executive departments and of the military departments may serve as members at the pleasure of the President.

At no time has the Secretary of the Treasury been a statutory member of the Council. Secretaries of the Treasury, however, have been invited by all Presidents since 1947 to participate when matters of substantial interest to Treasury have been considered.

The Murphy Commission on the Organization of the Government for the Conduct of Foreign Policy recommended in its June 1975 report that the jurisdiction of the NSC "be enlarged to include major issues of international economic policymaking" and that the membership of the Council be expanded to include the Secretary of the Treasury. In his

statement before the Armed Services Committee Senator Symington presented a rationale for S. 2350 similar to that in the Murphy Commission report, but did not refer to the Commission's recommendation; nor did the Committee in its report.

NSC and OMB staff have received agency views on the Murphy Commission report from all agencies except the Department of State. Views from Treasury, Defense, Commerce, CIEP, and CEA focus on the issue of enlarging the jurisdiction of the NSC to encompass international economic policy. Defense believes that NSC should deal more with economic issues, but the other agencies argue for continuation of a strong Economic Policy Board as the forum for the consideration of those issues. None of these agencies objected to Treasury membership.

My view is that the present NSC composition affords the President the most desirable degree of flexibility in regard to the Council and should be continued. As long as most of the agenda items fall outside the sphere of interest of the Treasury Department, it would seem appropriate to continue the present arrangement, i.e., inviting the Secretary to participate when matters of substantial interest to the Treasury Department arise. Moreover, Treasury staff actively work, when appropriate, on various interagency groups preparing NSC policy proposals. Thus, it is unnecessary to change the law to assure appropriate Treasury Department participation.

If you agree, I will send a letter, along the lines of the attached, to Chairman Price of the House Armed Services Committee on behalf of the Administration expressing a preference for no change in the existing law. NSC staff concur in this approach.

You may also wish to indicate your position at a meeting of the Legislative Leaders and to Chairman Price personally.

Attachment

DECISION

Approve sending letter

Disapprove

GR 7  
\_\_\_\_\_

Honorable Melvin Price  
Chairman, Committee on Armed Services  
House of Representatives  
2120 Rayburn House Office Building  
Washington, D. C. 20515

Dear Mr. Chairman:

On October 9, 1975, the Senate passed S. 2350, 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," without receiving Executive Branch views on the bill. We understand that S. 2350 has now been referred to your Committee.

The Office of Management and Budget, on behalf of the Administration, opposes enactment of this legislation.

Under existing law, the National Security Council advises the President with respect to the integration of domestic, foreign and military policies relating to national security. The statutory membership of the Council consists of the President, Vice President, Secretary of State and Secretary of Defense. In addition, the President may invite secretaries and undersecretaries of other executive and military departments to participate in the Council's deliberations.

As you know, the National Security Council considers a broad range of matters which extend beyond the statutory responsibilities of the Secretary of the Treasury. In

fact, most issues that come before the Council on a regular basis do not have significant economic and monetary policy implications. As a statutory member of the Council, the Secretary would often be placed in the position of either having to advise the President on matters over which he has little or no authority or abstain from giving advice.

Moreover, enactment of S. 2350 is unnecessary to provide for appropriate participation of the Secretary of the Treasury in National Security Council matters. As permitted under the current law, the President invites the Secretary to attend those meetings of the Council at which economic and other issues of substantial interest to the Department of the Treasury are considered. Furthermore, the Secretary of the Treasury serves as Chairman of the Economic Policy Board and of the Council for International Economic Policy. The Secretary of State also serves on those bodies to assure the integration and coordination of domestic and international economic policy with foreign policy and national security objectives. The current arrangements provide the President with flexible and responsive advisory bodies to oversee economic and foreign affairs.

For these reasons, we urge the Committee not to consider this legislation favorably.

Sincerely yours,



Note 24  
for higher categories of classified security information, but ordinarily shall be stored in a container equipped with a reasonably secure locking device, or in any other storage facility of comparable security approved by the head of the agency.

b. Inspections. (1) It shall be the responsibility of the individual charged with the custody of classified security information to accomplish the necessary inspections within his area to insure that all procedural safeguards prescribed by these regulations are taken to protect such information at all times.

(2) In each agency individuals shall be designated to make inspections on a room or area basis to insure that all classified security information has been properly and safely stored.

c. Safe combinations. (1) Safe combinations shall be changed at least once a year; whenever a person knowing the combination is transferred from the office to which the safe is assigned; when a safe is first brought into an office; when the combination has been subjected to compromise; and at such other times as is deemed necessary.

(2) Knowledge of combinations shall be limited to the minimum necessary for operating purposes.

(3) Safe combinations shall be given a security classification equivalent to that of the most highly classified security information authorized by these regulations to be contained in the safe.

35. Destruction of Classified Security Information—*a. Types of material which may be destroyed*—(1) Record material may be destroyed only in accordance with the Act of July 7, 1943, c. 192, 57 Stat. 380, as amended [sections 386-380 of Title 44].

(2) Nonrecord material may be destroyed as soon as it has served its purpose.

b. Methods of destruction. Classified record material, the destruction of which has been authorized, and classified non-record material shall be destroyed by the following methods under procedures established by the head of the agency:

(1) "Top Secret," "Secret" and "Confidential" security documents shall be destroyed by burning; products and substances by an equally complete method of destruction; in each case in the presence of an appropriate official. The head of an agency may authorize destruction of documents other than by burning, provided the resulting destruction is equally complete.

(2) "Restricted" security information shall be destroyed by burning, shredding or reduction to pulp, or an equally complete method of destruction.

c. Records of destruction. Appropriate records of destruction of material classified "Top Secret" and "Secret" combined with the identification "Security Information," shall be maintained in accordance with procedures established by the head of the agency.

PART VII—INTERPRETATION OF REGULATIONS BY THE ATTORNEY GENERAL

36. The Attorney General, upon request of the head of a department or agency or his duly designated representative, shall personally or through authorized representatives of the Department of Justice render an interpretation of these regulations in connection with any problems arising out of their administration.

§ 402. National Security Council—(a) Establishment; presiding officer; functions; composition

There is established a council to be known as the National Security Council (hereinafter in this section referred to as the "Council").

The President of the United States shall preside over meetings of the Council: *Provided*, That in his absence he may designate a member of the Council to preside in his place.

The function of the Council shall be 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 serv-

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ices and the other departments and agencies of the Government to cooperate more effectively in matters involving the national security.

The Council shall be composed of—

- (1) the President;
- (2) the Vice President;
- (3) the Secretary of State;
- (4) the Secretary of Defense;
- (5) the Director for Mutual Security;
- (6) the Chairman of the National Security Resources Board; and
- (7) The Secretaries and Under Secretaries of other executive departments and of the military departments, the Chairman of the Munitions Board, and the Chairman of the Research and Development Board, when appointed by the President by and with the advice and consent of the Senate, to serve at his pleasure.

#### Additional functions

(b) In addition to performing such other functions as the President may direct, for the purpose of more effectively coordinating the policies and functions of the departments and agencies of the Government relating to the national security, it shall, subject to the direction of the President, be the duty of the Council—

(1) to assess and appraise the objectives, commitments, and risks of the United States in relation to our actual and potential military power, in the interest of national security, for the purpose of making recommendations to the President in connection therewith; and

(2) to consider policies on matters of common interest to the departments and agencies of the Government concerned with the national security, and to make recommendations to the President in connection therewith.

#### Executive secretary; appointment and compensation; staff employees

(c) The Council shall have a staff to be headed by a civilian executive secretary who shall be appointed by the President, and who shall receive compensation at the rate of \$10,000 a year. The executive secretary, subject to the direction of the Council, is authorized, subject to the civil-service laws and the Classification Act of 1949, to appoint and fix the compensation of such personnel as may be necessary to perform such duties as may be prescribed by the Council in connection with the performance of its functions.

#### Recommendations and reports

(d) The Council shall, from time to time, make such recommendations, and such other reports to the President as it deems appropriate or as the President may require. July 26, 1947, c. 343, Title I, § 101, 61 Stat. 497; Aug. 10, 1949, c. 412, § 3, 63 Stat. 579; Oct.

Date: November 13, 1975

Time:

FOR ACTION: Phil Buchen  
 Max Friedersdorf  
 Jack Marsh  
 Brent Scowcroft

~~cc (for information):~~

Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, November 18

Time: 10 A.M.

SUBJECT:

James T. Lynn's memo 11/12/75 re S. 2350  
 "to include the Secretary of the Treasury  
 as a member of the National Security Council"

## ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James E. Connor  
 For the President