

The original documents are located in Box 22, folder “National Security Council - Proposal to Add the Secretary of the Treasury” of the John Marsh Files at the Gerald R. Ford Presidential Library.

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cong.

November 12, 1975

MEMORANDUM FOR: DICK CHENEY

FROM: JACK MARSH

Were you aware there is legislation pending on the Hill to make the Secretary of the Treasury a member of the National Security Council?

JOM/dl



EXECUTIVE OFFICE OF THE
OFFICE OF MANAGEMENT AND
THE WHITE HOUSE
WASHINGTON

Mr. O'Neill
Mr. Lynn

9/1/2

November 24, 1975

NOV 13 1975

- O'Neil & Collier have been notified

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JAMES T. LYNN

FROM:

JAMES E. CONNOR *JEC*

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.

Discussion

The National Security Council is an important part of the Executive Branch of the Government. It was established by the National Security Act of 1947. There have been several changes in the membership of the Council. One added the Vice President; another added the Secretary of State; and another added the Secretary of Defense. Presently, the Council consists of the President, the Vice President, the Secretary of State, the Secretary of Defense, and the Chairman of the Atomic Energy Commission. The Council is the principal body for the coordination of the activities of the various departments and agencies of the Government in the field of national security.

*11/26/75
To: J. J. [unclear] to [unclear] the [unclear]
[unclear] advised [unclear] letter [unclear]*

cc: Dick Cheney
Jack Marsh

RECEIVED
NOV 24 9 26 AM '75
IMMEDIATE OFFICE
OF THE DIRECTOR
O.H.D.



1-2-7



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 *JS/L*
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 _____

cc: Official file - DO Records
 Director's chron
 Director
 Deputy Director

Mr. Ogilvie
 Mr. Sanders
 Return - Rm. 8201; NEOB
 Mr. Jura ✓

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,

DEC 1- 1975

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, strongly opposes enactment of this legislation. It is both inconsistent with the purposes of the National Security Council and unnecessary because of the already existing arrangements to integrate economic and foreign policy.

Under the 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.

Statutory membership for the Secretary would not be consonant with the broad range of matters considered by the Council. The proper concerns of the National Security Council extend substantially beyond the statutory responsibilities and focus of the Secretary of the Treasury. 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 often would be placed in the position of either having to advise the President on matters for which the Secretary has little or no authority or responsibility and little or no qualified



staff support in his Department or abstaining from giving advice. In addition, increasing the statutory membership of the Council might well diminish its flexibility and usefulness as an advisory mechanism for the President.

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 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, assuring additional means for the proper integration and coordination of domestic and international economic policy with foreign policy and national security objectives.

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

Sincerely yours,

Signed

James T. Lynn
Director

CC: ✓ Official File
LR Chron (Gilbert)
Director's Chron
NSDivision
George Gilbert
RDI Chron (Steinbach)
Kranowitz (2 cys)
✓ ADivision

LRD: GRGILBERT:

MRS

11/26/75



Copy

THE WHITE HOUSE
WASHINGTON

December 10, 1975

MEMORANDUM FOR: BILL KENDALL

FROM: JACK MARSH *Jack*

Would you please get me a copy of the report filed in the Senate in reference to the Secretary of the Treasury becoming a member of the NSC?

Many thanks.

5-2350
94-423

JACK —

NO EXECUTIVE BRANCH —

TESTIMONY IN SENATE —

AND NO DEFENSE

DEPT REPORT!



WK



NATIONAL SECURITY COUNCIL MEMBERSHIP FOR THE SECRETARY OF THE TREASURY

OCTOBER 8 (legislative day, SEPTEMBER 1), 1975.—Ordered to be printed

Mr. SYMINGTON, from the Committee on Armed Services,
submitted the following

REPORT

[To accompany S. 2350]

The Committee on Armed Services to which was referred the bill (S. 2350 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, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE OF THE BILL

S. 2350 was introduced on September 17, 1975 by Senator Stuart Symington, ranking member of the Senate Armed Services Committee, and was referred to the Senate Armed Services Committee.

By its terms the purpose of S. 2350 is "to include the Secretary of the Treasury as a member of the National Security Council." This legislation would provide a permanent membership on the National Security Council for the Secretary of the Treasury.

COMMITTEE POSITION IN SUPPORT OF BILL

The Committee strongly supports this legislation.

The addition of the Secretary of the Treasury to the National Security Council reflects the growing significance of international economics and domestic fiscal affairs in the development of national security policies.

The presence of the Secretary of the Treasury on this Council would help ensure that fiscal and monetary issues are considered in the discussion of problems relating to our national security.

This legislation is not intended to reduce our national defense effort or minimize traditional national security considerations; rather it

is premised upon a broadened concept of national security which increasingly encompasses economic, as well as military and foreign policy, considerations.

The bill seeks to strengthen the national security decisionmaking process by ensuring the participation of the cabinet officer most directly responsible for economic and fiscal affairs.

DISCUSSION OF COMMITTEE POSITION

The position of the Committee was well expressed in the statement presented to the Committee by Senator Stuart Symington on September 26, 1975:

The inclusion of the Secretary of the Treasury as a statutory member 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 the other departments of the Government to cooperate more effectively in matters involving national security.

It is becoming increasingly apparent that the absence of the nation's chief economic official from the National Security Council can no longer be justified.

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.

For 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.

Surely economic 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 to the rest of the world.

S. 2350 is predicated upon the need for our vital economic interests also to be represented in the formulation of national security.

COMMITTEE ACTION

The Armed Services Committee met in open session on September 26, 1975 to consider S. 2350. The hearing was chaired by Senator Stennis. Senator Symington testified in support of the bill.

On October 2, 1975 the Committee met in Executive Session and voted 16-0 to report S. 2350 favorably.

BACKGROUND OF NATIONAL SECURITY COUNCIL

Section 101 of the National Security Act of 1947 as originally enacted provided for the establishment of the National Security Council as follows:

The Council shall be composed of the President; the Secretary of State; the Secretary of Defense . . . ; the Secretary of the Army . . . ; the Secretary of the Navy; the Secretary of the Air Force . . . ; the Chairman of the National Security Resources Board . . . ; and such of the following named officers as the President may designate from time to time: The Secretaries of the executive departments, the Chairman of the Munitions Board . . . , and the Chairman of the Research and Development Board . . . ; but no such additional member shall be designated until the advice and consent of the Senate has been given to his appointment to the office the holding of which authorizes his designation as a member of the Council.

Since 1947 there have been several changes to the membership of the National Security Council. In its current form, the National Security Act of 1947 provides:

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 Security¹
- (6) the Chairman of the National Security Resources Board¹
- (7) the Secretaries and Under Secretaries of other executive departments and of the military departments, the Chairman of the Munitions Board, when appointed by the President by and with the advice and consent of the Senate, to serve at his pleasure.

Membership on the National Security Council presently includes: the President, the Vice-President, the Secretary of State, and the Secretary of Defense.

FISCAL DATA

In accordance with the Legislative Reorganization of 1970 (Public Law 91-510), the Committee estimates that no additional costs to

¹ Abolished in 1953.

the U.S. Government would be incurred during FY 1976 or in any future years as a result of this legislation.

CHANGES IN EXISTING LAW

In accordance with paragraph 4 of Rule XXIX of the Standing Rules of the Senate, changes in existing law proposed to be made in the bill are shown as follows: Existing law to be omitted is enclosed in black brackets, new matter is printed in *italics*, and existing law in which no change is proposed is shown in roman.

NATIONAL SECURITY ACT OF 1947, AS AMENDED

(61 Stat 495; 50 U.S.C. 401)

* * * * *

NATIONAL SECURITY COUNCIL

SEC. 101(a)

* * * * *

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 Secretary of the Treasury;*
- [(5)] (6) the Director for Mutual Security;¹
- [(6)] (?) the Chairman of the National Security Resources Board;¹

[(7)] (8) 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.

* * * * *

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(61 Stat 495; 50 U.S.C. 401)

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SEC. 101(a)

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- (5) *the Secretary of the Treasury;*
- [(5)]** (6) the Director for Mutual Security;¹
- [(6)]** (7) the Chairman of the National Security Resources Board;¹

[(7)] (8) 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.

* * * * *

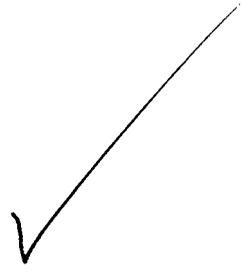
¹ Abolished in 1953.



DEC 10 1975

THE WHITE HOUSE
WASHINGTON

December 10, 1975



MEMORANDUM FOR: JACK MARSH
THROUGH: MAX FRIEDERSDORF *M.G.*
FROM: VERN LOEN *VL*
SUBJECT: Answer to your December 10 memo (copy attached)

Chairman Price moved to reconsider and it passed on a voice vote.

Rep. Wilson was there and voted yes.

THE WHITE HOUSE

WASHINGTON

December 10, 1975

MEMORANDUM FOR: VERN LOEN

FROM: JACK MARSH *Jack*

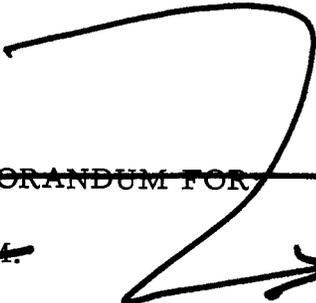
Would you please give me a complete report as to precisely what happened in the House Armed Services Committee on Tuesday in reference to the matter concerning reconsideration of the Secretary of the Treasury becoming a member of the NSC?

What was Bob Wilson's position? Was he there?

Many thanks.

THE WHITE HOUSE
WASHINGTON

December 11, 1975

To 
~~MEMORANDUM FOR BILL KENDALL~~
~~FROM:~~ JACK MARSH

In reference to the National Security Bill wherein the Secretary of the Treasury was added, would you please make specific inquiry as to whether or not Simon testified for the bill or sent any letter or other communication to the Committee in favor of the bill.

JACK
NO testimony ✓
NO letter _____
NO NOTHING _____
Bill _____

December 11, 1975

MEMORANDUM FOR:

BILL KENDALL

FROM:

JACK MARSH

In reference to the National Security Bill wherein the Secretary of the Treasury was added, would you please make specific inquiry as to whether or not Simon testified for the bill or sent any letter or other communication to the Committee in favor of the bill.

JOM/dl



Conig

December 11, 1975

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JOM/dl



DEC 15 1975

THE WHITE HOUSE
WASHINGTON

Date: 12.12.75

TO: Jack Marsh

FROM: Max L. Friedersdorf

For Your Information

Please Handle

Please See Me

Comments, Please

Other

File

11

THE WHITE HOUSE

WASHINGTON

December 12, 1975

MEMORANDUM FOR: MAX L. FRIEDERSDORF

THRU: VERN LOEN *VL*

FROM: CHARLES LEPPERT, JR. *CLJr.*

SUBJECT: S. 2350, Secretary of Treasury as a member of the National Security Council

I checked with Rep. Bob Wilson and Frank Slatinshek on the above legislation. Slatinshek gave me the following status report.

S. 2350 was introduced by Senator Symington as the principal sponsor. The bill was reported in the Senate on October 8, 1975, and passed the Senate on October 9. In the House the bill was referred to the House Armed Services Committee on October 20 and favorably reported by a voice vote on December 9.

The bill's principal proponent is Senator Symington (D-Mo.) Rep. Mel Price was the primary force behind the bill in the House at the request of Senator Symington. The purpose of the bill is to provide that the Secretary of the Treasury shall sit as a member of the National Security Council.

The basis for the legislation is in a recommendation of the Murphy Commission which recommended that the Secretary of Treasury sit as a member of the NSC because of the economic considerations and implications in foreign policy decisions. There were no strong feelings about the legislation in the House Armed Services Committee and Rep. Bob Wilson reported that Secretary Simon was in support of the bill.

Slatinshek says the legislation is purely cosmetic and there is no need to do battle over the bill as it is not that important. He also says that if the President doesn't like the bill and vetoes it that the matter would probably die.

The memorandum from Marsh to you on this subject is returned herewith.



THE WHITE HOUSE

WASHINGTON

December 10, 1975

MEMORANDUM FOR: MAX FRIEDERSDORF

FROM:

JACK MARSH

Jack^{al}

Would you please give the President a short statement on the matter involving the Secretary of the Treasury and the NSC.

Also copies should go to Cheney and Scowcroft.

Many thanks.

THE WHITE HOUSE

WASHINGTON

December 22, 1975

MEMORANDUM FOR:

JACK MARSH

FROM:

MAX FRIEDERSDORF *M.F.*

SUBJECT:

NSC Bill Adding Treasurer

This legislation is at the White House.