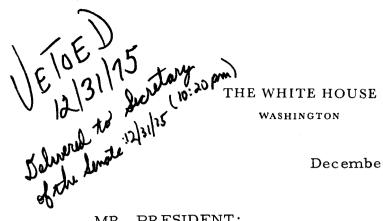
The original documents are located in Box 37, folder "12/31/75 S2350 National Security Council Membership for the Secretary of the Treasury (vetoed)" of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

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Exact duplicates within this folder were not digitized.



December 31, 1975

MR. PRESIDENT:

If you decide to veto S. 2350, the veto message and unsigned bill will be returned to the Congress. The bill is being handled this way upon advice of Counsel, instead of using a pocket veto.

Jim Connor

Attachment



THE WHITE HOUSE

ACTION

WASHINGTON December 30, 1975

Last Day: December 31

MEMORANDUM FOR

THE PRESIDENT

JIM CANNON

FROM:

SUBJECT:

S. 2350 - National Security Council Membership for the Secretary of the Treasury

Attached for your consideration is S. 2350, sponsored by Senators Symington and Mansfield, which would make the Secretary of the Treasury a statutory member of the National Security Council.

Current members of the National Security Council, as prescribed by statute, are the President, the Vice President and the Secretaries of State and Defense. However, the President may appoint, with the advice and consent of the Senate, the Secretaries and Undersecretaries of other Executive departments and military departments to serve at his pleasure. While this authority has never been used, all Presidents since the statutory establishment of the National Security Council in 1947 have invited other department and agency heads to participate in NSC meetings when matters under their responsibility have been considered.

OMB and NSC have objected to this legislation on the grounds that it is both unnecessary and undesirable. It is unnecessary because the President may currently appoint the Secretary of the Treasury as a member of the NSC if he so desires. Moreover, since the Secretary of the Treasury serves as Chairman of the Economic Policy Board and of the Council for International Economic Policy, the President is assured of receiving advice which takes into account the proper integration of domestic and international economic policy with foreign policy and national security objectives. The bill is undesirable because it would restrict the President's flexibility in determining the manner in which he shall receive advice on national security matters and it would set a precedent, and create additional pressure, for statutory addition of other agency heads to the National Security Council. Further, statutory membership on the National Security Council for the Secretary of the Treasury would not be consonant with the broad range of national security issues considered by the National Security Council.

I note that in November of this year you authorized Jim Lynn to communicate to the Hill your strong opposition to enactment of this bill.

The Secretary of the Treasury has recommended approval of the bill but has stated no reasons for his recommendation. The Secretary of Defense has deferred to the White House. Comments from the Secretary of State still have not been transmitted to the White House.

Recommendation

Max Friedersdorf, OMB, NSC, Jack Marsh, Counsel's Office (Lazarus) and I recommend that you disapprove S. 2350.

Decision

Sign S. 2350 at Tab 1.

Approve_____

Disapprove /

Veto S. 2350 and sign the veto message at Tab 2.

Approve MR 7

Disapprove_____





EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

DEC 2 4 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 2350 - National Security Council membership for the Secretary of the Treasury Sponsors - Sen. Symington (D) Missouri and Sen. Mansfield (D) Montana

Last Day for Action

December 31, 1975 - Wednesday

Purpose

Provides statutory membership on the National Security Council for the Secretary of the Treasury.

Agency Recommendations

Office of Management and Budget Disa

Disapproval (veto message attached)

National Security Council Department of the Treasury Department of Defense Disapproval Approval Defers to Executive Office of the President

Department of State

Discussion

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. Current statutory membership of the Council consists of the President, the Vice President, and the Secretaries of State and Defense. The President may also appoint, with the advice and consent of the Senate, the Secretaries and Under Secretaries of other executive departments and the military departments, to serve at his pleasure. While



this latter provision has never been used, all Presidents since the statutory establishment of the Council in 1947 have invited other department and agency heads to participate in the Council's affairs when matters pertaining to their responsibilities have been considered.

The enrolled bill would add the Secretary of the Treasury to the present statutory membership of the NSC. The Secretary of the Treasury has never been a statutory member of the Council. Treasury Secretaries have been invited by all Presidents since the Council's inception, however, to participate in the Council's deliberations when matters of substantial interest to the Treasury have been considered.

On November 12, 1975, in response to your request, I sent you a memorandum (copy attached, Tab A) on S. 2350, which, at that time, had been adopted by the Senate without receiving Administration views, and was pending before the House Armed Services Committee. Briefly stated, that memorandum reviewed the current statutory provisions relating to NSC membership and set forth my view that the present statutory arrangement affords the President the most desirable degree of flexibility and should be continued. I recommended that you authorize me, on behalf of the Administration, to send a letter to Chairman Price of the House Armed Services Committee expressing a strong preference for no change in the existing law. The NSC concurred in this approach. On December 1, 1975, following your approval, I sent such a letter (copy attached, Tab B) strongly opposing enactment of S. 2350 for many of the same reasons discussed in my memorandum.

In its report on S. 2350, the Senate Armed Services Committee stated:

"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."

S. 2350 was passed in both the Senate and House by voice votes.

I continue to believe that S. 2350 should not become law for the reasons stated in my November 12 memorandum. Since the Treasury Secretary can be, and normally is, invited to participate in NSC matters of substantial interest to him, and since the existing law provides authority for his appointment to the Council if the President deems it appropriate, enactment of this legislation is unnecessary. Furthermore, the Secretary serves as Chairman of both the Economic Policy Board and the Council for International Economic The Secretary of State also serves on these Policy. Thus, through these additional means, the bodies. President is assured of receiving advice which takes into account the proper integration of domestic and international economic policy with foreign policy and national security objectives.

As my memorandum pointed out, the enrolled bill is undesirable as well as unnecessary. First, it would restrict the President's flexibility to determine the manner in which he shall receive advice on national security matters. Second, statutory membership on



the NSC for the Treasury Secretary would not be consonant with the broad range of issues considered by the Council, many of which do not fall within the proper concerns of the Secretary. Third, because a number of executive branch departments and agencies are concerned with international economic policy (e.g., Commerce and Agriculture), the Treasury Secretary would not be able to represent their interests in matters before the Council involving economic policy considerations. Fourth, S. 2350 would set a precedent for statutory addition of other agency heads to the NSC; a bill is now pending in the Congress to add the Attorney General.

In light of the above, I recommend that you disapprove S. 2350. A proposed veto message is attached for your consideration (Tab C).

James T. Lynn Director

Enclosures

NOV 1 2 1975

FOR

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 rajor 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.

The NSC and OMB staff have undertaken the collection of agency views on the recommendations in the Murphy Commission report in order to propose Administration positions for your consideration. Completion of that effort awaits receipt of the views of the Secretary of State. Views from Treasury, Defense, Conmerce, 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 on the NSC.

My view is that the present statutory NSC composition affords the President the most desirable degree of flexibility and should be continued. It is undesirable to make the Secretary of the Treasury a statutory member, since most of the agenda items fall outside the interest of the Treasury Department. Under present law the Secretary can be and normally is invited to participate when matters of substantial interest to the Treasury Department arise. Treasury staff are involved on various interagency groups preparing HSC policy proposals. Thus, it is unnecessary to change the law to assure appropriate Treasury Department participation. Even if the HSC's role were broadened to include primary responsibility for international economic matters, most of which are now handled by the EPB, it would be desirable to preserve Presidential flexibility on membership because of the large number of departments and agencies with international economic policy interest. Treasury does not and could not represent all those interests, and extending full statutory membership to the Secretary of the Treasury would not accommodate to that problem.

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 strong preference for no change in the existing law. NSC staff concur in this approach.

Moreover, you may wish to indicate your position at a meeting of the legislative Leaders and to Chairman Price personally.

Approve sending letter

Disapprove

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

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 The proper concerns of the National Security Council. 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 use fulness as an advisory mechanism for the President.

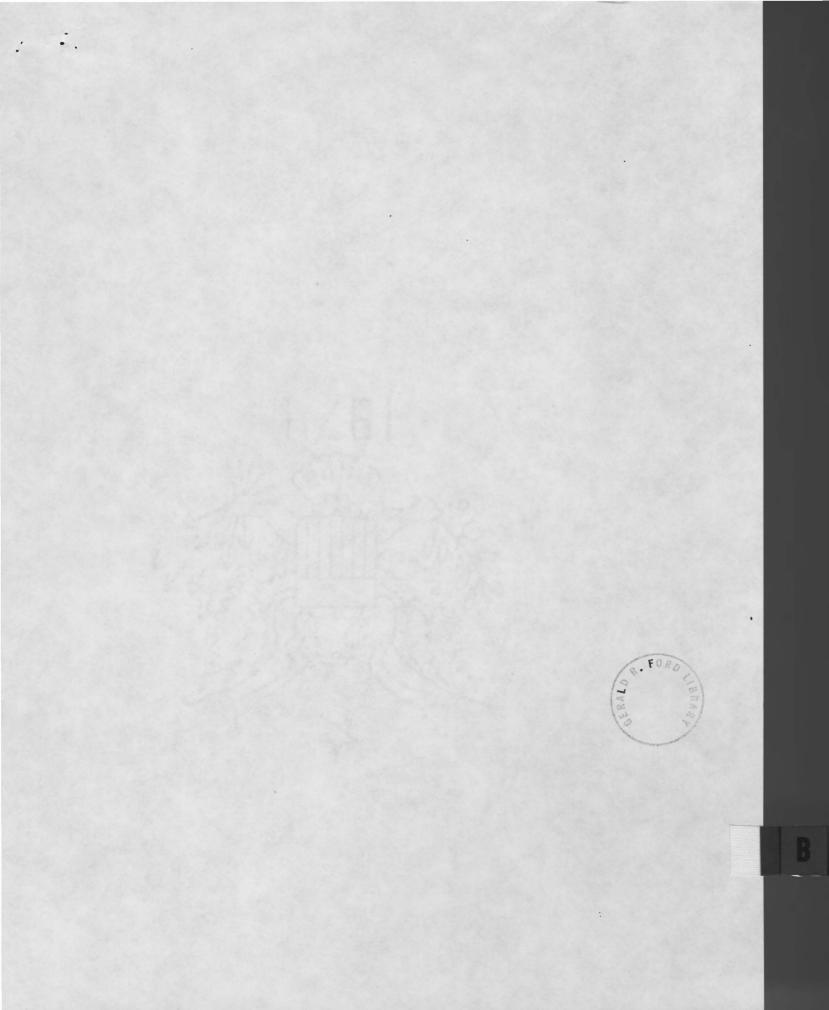
Moreover, enactment of S. 2350 is unnecessary to provide for appropriate participation of the Secretary of the Treasury in National Security Council matters. As permitted under the law, the President invites the Secretary to attend those meetings of the Council at which economic and other issues of substantial interest to the Department of the Treasury

2

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,



Honorable Melvin Price Chairman, Committee on Armed Services House of Representatives 2120 Rayburn House Office Building Wathington, 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.

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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 mattors 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,

James T. Lynn Director

MEMORANDUM

NATIONAL SECURITY COUNCIL

October 17, 1975

6795

MEMORANDUM FOR:

JAMES HYDE

FROM:

Jeanne W. Davis

SUBJECT:

Legislation to Designate the Secretary of Treasury a Member of the National Security Council

This is in response to OMB's request for the views of the National Security Council on the Senate-passed bill, S. 2350, to designate the Secretary of Treasury a member of the National Security Council It is our understanding these comments will be incorporated in a letter from OMB expressing the Administration's opposition to this legislation to the appropriate committees of the Congress.

The President has directed that the Administration strongly oppose the enactment of this legislation. While it is realized the proposal embodies a Murphy Commission recommendation, it is nevertheless inconsistent with the purposes of the National Security Council and unnecessary given the already existing mechanisms to integrate international economic and foreign policy.

In the first place, the concerns of the National Security Council extend substantially beyond the statutory focus and responsibility of the Department of Treasury. National Security Council meetings do not, on a regular basis, address economic issues. However, when an agenda item does involve the responsibilities of the Secretary of Treasury, he has always been and will continue to be invited by the President to take part in such deliberations. In this respect, the proposed legislation appears unnecessary. Furthermore, the Secretary of Treasury is the Chairman of the Economic Policy Board, on which the Secretary of State also sits to ensure the proper integration and coordination of domestic and international economic policy with U.S. foreign policy and national security objectives, THE DEPUTY SECRETARY OF THE TREASURY

WASHINGTON, D.C. 20220



DEC 2 2 1975

Director, Office of Management and Budget Executive Office of the President Washington, D. C. 20503

Attention: Assistant Director for Legislative Reference

Sir:

Reference is made to your request for the views of this Department on the enrolled enactment of 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."

The Department recommends that the enrolled enactment be approved by the President.

Sincerely yours,

S. Gardner





GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE

WASHINGTON, D. C. 20301

December 22, 1975

Honorable James T. Lynn Director, Office of Management and Budget Washington, D.C. 20503

Dear Mr. Lynn:

Reference is made to your request for the views of the Department of Defense on the Enrolled Enactment of S. 2350, 94th Congress, 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."

The bill would accomplish its stated purpose by adding the Secretary of the Treasury to the list of members of the Council specified in the fourth paragraph of section 101(a) of the National Security Act of 1947 (50 U.S.C. 402(a)).

Clause (7) of section 101(a) already provides the President with authority to appoint "the Secretaries and Under Secretaries of other executive departments and of the military departments...by and with the advice and consent of the Senate, to serve at his pleasure." Thus, the effect of S. 2350 is to require the membership of the Secretary of the Treasury on the Council regardless of the President's wishes. In a signing statement when the current provision was enacted, President Truman stated that "The desirable course would be to... remove the statutory restrictions on the Council's membership."

The National Security Council was incorporated into the Executive Office of the President by Reorganization Plan No. 4 of 1949 (63 Stat. 1067). Accordingly, the Department of Defense defers to the Executive Office of the President on the merits of the bill.

Sincerely,

Anle

L. Niederlehner Acting General Counsel



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ACTION MEMORANDUM		WASHINGTON	LOG	NO.: 1	1488	
Date: Decem	ber 29 NSC/S	Time:	1000am			
FOR ACTION:	Jack Marsh Max Friedersdo Ken Lazarus Dick Parsons Paul Theis	orf cc (for	information):		avanaugh n Hendriks	
FROM THE SI	AFF SECRETARY		•			

DUE: Date: December 30

Time: 1100am

SUBJECT:

S. 2350 - National Security Council membership for the Secretary of the Treasury

ACTION REQUESTED:

_____ For Necessary Action

For Your Recommendations

_____ Prepare Agenda and Brief X

____ For Your Comments

_____ Draft Remarks

Draft Reply

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



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

Freder II. Constantière Frederic Suis Schonker



TO THE SENATE:

I return without my approval 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."

The National Security Council is one of the most important organizations in the Executive Office of the President. The Council's function, under the law, is to advise the President with respect to the integration of domestic, foreign, and military policies relating to the national security. The President, the Vice President, the Secretary of State, and the Secretary of Defense are the statutory members of the Council. In addition, the President may, under the law, appoint by and with the advice and consent of the Senate the Secretaries and Under Secretaries of other executive departments and of the military departments to serve at his pleasure. No President has ever exercised this latter authority.

In my judgment, enactment of S. 2350 is not necessary. From its establishment in 1947, each President has invited from time to time additional officers to participate in National Security Council deliberations when matters specifically relating to their responsibilities have been considered. In line with this practice, the President invites the Secretary of the Treasury to participate in Council affairs when issues of substantial interest to the Department of the Treasury are involved. Thus, existing arrangements provide for adequate participation of the Secretary of the Treasury in National Security Council matters.

Furthermore, additional mechanisms exist to assure that the President receives advice which takes into account the proper integration and coordination of domestic and international economic policy with foreign policy and national security objectives. Both the Economic Policy Board and the Council for International Economic Policy provide the President with high level advice on economic matters. The Secretary of the Treasury is the Chairman of these two bodies on which the Secretary of State also serves.

I believe that S. 2350 is undesirable as well as unnecessary. 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 implications.

Moreover, a large number of executive departments and agencies have key responsibilities for programs affecting international economic policy. From time to time these programs influence importantly our foreign policy and national security decisions. The Treasury Department does not and could not represent all those interests. Extending full statutory membership on the National Security Council to the Secretary of the Treasury would not achieve the purpose of bringing to bear on decisions the full range of international economic considerations. For these several reasons, I am concerned that increasing the statutory membership of the Council might well diminish its flexibility and usefulness as a most important advisory mechanism for the President.

In sum, S. 2350 is unnecessary, since adequate arrangements for providing advice to the President on the integration of economic and foreign policy already exist, and it is undesirable because the proposed arrangement is inconsistent with the purposes of the National Security Council and would lessen the current and desirable flexibility of the President in arranging for advice on the broad spectrum of international and national security security policy matters.

THE WHITE HOUSE

December , 1975

NATIONAL SECURITY COUNCIL . WASHINGTON, D.C. 20506

December 22, 1975

MEMORANDUM FOR:

Mr. James Frey Office of Management and Budget

FROM:

Mr. Leslie A. Janka 44

SUBJECT:

Legislation to Designate the Secretary of Treasury a Member of the NSC

The National Security Council Staff recommends that the President veto the enrolled bill to add the Secretary of Treasury to the membership of the National Security Council. Current arguments in support of such action remain consistent with our memo to OMB of October 17 (Tab A).

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.: 1488 Date: December 29 Date: Time: 1000am

Date: NSC/S-Velto Jack Marsh FOR ACTION: Max Friedersdorf -Velte (for information): Ken Lazarus Velto Dick Parsons Paul Theis an

FROM THE STAFF SECRETARY

DUE: Date: December 30

Time: 1100am

SUBJECT:

S. 2350 - National Security Council membership for the Secretary of the Treasury

ACTION REQUESTED:

---- For Necessary Action

____ For Your Recommendations

____ Prepare Agenda and Brief

____ Draft Reply

Draft Remarks

____ For Your Comments

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

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.

K. R. COLE, JR. For the President



Date: 12-24-75

TO : Bob Linder

FROM: James M. Frey Assistant Director for Legislative Reference

On enrolled bill S. 2350, adding Secretary of the Treasury to the NSC, we have not yet received State's views, but will forward them as soon as received. I understand that Secretary Kissinger has a letter before him for signature recommending approval.



NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

December 22, 1975

MEMORANDUM FOR:

Mr. James Frey Office of Management and Budget

FROM:

Mr. Leslie A. Janka

SUBJECT:

Legislation to Designate the Secretary of Treasury a Member of the NSC

The National Security Council Staff recommends that the President veto the enrolled bill to add the Secretary of Treasury to the membership of the National Security Council. Current arguments in support of such action remain consistent with our memo to OMB of October 17 (Tab A).





NATIONAL SECURITY COUNCIL

October 17, 1975

6795

MEMORANDUM FOR:

JAMES HYDE .

Jeanne W. Dav

FROM:

SUBJECT:

Legislation to Designate the Secretary of Treasury a Member of the National Security Council

This is in response to OMB's request for the views of the National Security Council on the Senate-passed bill, S. 2350, to designate the Secretary of Treasury a member of the National Security Council It is our understanding these comments will be incorporated in a letter from OMB expressing the Administration's opposition to this legislation to the appropriate committees of the Congress.

The President has directed that the Administration strongly oppose the enactment of this legislation. While it is realized the proposal embodies a Murphy Commission recommendation, it is nevertheless inconsistent with the purposes of the National Security Council and unnecessary given the already existing mechanisms to integrate international economic and foreign policy.

In the first place, the concerns of the National Security Council extend substantially beyond the statutory focus and responsibility of the Department of Treasury. National Security Council meetings do not, on a regular basis, address economic issues. However, when an agenda item does involve the responsibilities of the Secretary of Treasury, he has always been and will continue to be invited by the President to take part in such deliberations. In this respect, the proposed legislation appears unnecessary. Furthermore, the Secretary of Treasury is the Chairman of the Economic Policy Board, on which the Secretary of State also sits to ensure the proper integration and coordination of domestic and international economic policy with U.S. foreign policy and national security objectives.



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

Date: December 29 NSC/S		Time: 1000am			
FOR ACTION:	Jack Marsh	cc (for information):	Jim Cavanaugh Warren Hendriks		

FROM THE STAFF SECRETARY

DUE: Date: December 30

Time: 1100am

SUBJECT:

S. 2350 - National Security Council membership for the Secretary of the Treasury

ACTION REQUESTED:

_____ For Necessary Action

_____ For Your Recommendations

_____ Prepare Agenda and Brief

_____ Draft Reply

____ Draft Remarks

----- For Your Comments

REMARKS:

х

Please return to Judy Johnston, Ground Floor West Wing

Counsel's office does not offer a recommendation on the advisability of appointing the Secretary of the Treasury to the NSC. However, given the President's existing authority, this question is truly inapposite to the subject legislation. Recommend veto of S. 2350 in order to maximize Presidential options and to eliminate what may prove to be an unfortunate precedent.

Ken Lazarus 12/20/75

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 II. Concerned -Ban alto Concerned

NATIONAL SECURITY COUNCIL

8471

December 30, 1975

MEMORANDUM FOR:

JIM CAVANAUGH

FROM:

Jeanne W. Davi

SUBJECT:

S. 2350: NSC Membership for the Secretary of the Treasury

The NSC Staff concurs in the recommendation that the President veto S. 2350.

THE WHITE HOUSE

WASHINGTON

December 29, 1975

MEMORANDUM FOR:

JIM CAVANAUGH

Treasury

FROM:

SUBJECT:

MAX FRIEDERSDORF M. 6. S. 2350 - National Security Council membership for the Secretary of the

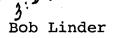
The Office of Legislative Affairs has reviewed subject bill and strongly recommends it be <u>vetoed</u>.



•	THE W	HITE HOUSE			
ACTION MEMO	DRANDUM w	ASHINGTON	LOG	NO.: 1488	
Date: Decem	ber 29 NSC/S	Time:	1000am		
FOR ACTION:	Ken Lazarus	cc (for i	nformation):	Jim Cavan Warren He	
	Dick Parsons Paul Theis				
FROM THE ST	AFF SECRETARY				
DUE: Date: December 30			Time: 110	0am	
SUBJECT: S. the Se	2350 - National S ecretary of the T	ecurity Cour reasury	ncil member	ship for	
4					
ACTION REQU	ESTED:				
For N	ecessary Action	For	Your Recomr	nendations	
-	re Agenda and Brief	Dro	ift Reply		
x For Y	our Comments	Dro	ift Remarks	· _	
REMARKS:	I recommend	disappro		S. 235	ð.
Please retur	n to Judy Johnsto	on, Ground F	loor West	Wing	RQ-
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PLEASE ATTAC	H THIS COPY TO MA	TERIAL SUBM	TTED.	:	
	y questions or if you				
	tting the required mat aff Secretary immediate		Tanta II. () Restantio II.	n entranse galar galaritettik	,



Date: 12-24-75



FROM: James M. Frey Assistant Director for Legislative Reference

On enrolled bill S. 2350, adding Secretary of the Treasury to the NSC, we have not yet received State's views, but will forward them as soon as received. I understand that Secretary Kissinger has a letter before him for signature recommending approval.



TO THE SENATE of the United States

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The National Security Council is one of the most important organizations in the Executive Office of the President. The Council's function, under the law, is to advise the President with respect to the integration of domestic, foreign, and military policies relating to the national security. The President, the Vice President, the Secretary of State, and the Secretary of Defense are the statutory members of the Council. In addition, the President may, under the law, appoint by and with the advice and consent of the Senate the Secretaries and Under Secretaries of other executive departments and of the military departments to serve at his pleasure. No President has ever exercised this latter authority.

In my judgment, enactment of S. 2350 is not necessary. From its establishment in 1947, each President has invited from time to time additional officers to participate in National Security Council deliberations when matters specifically relating to their responsibilities have been considered. In line with this practice, the President invites the Secretary of the Treasury to participate in Council affairs when issues of substantial interest to the Department of the Treasury are involved. Thus, existing arrangements provide for adequate participation of the Secretary



of the Treasury in National Security Council matters.

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Moreover, a large number of executive departments and agencies have key responsibilities for programs affecting international economic policy. From time to time these programs influence importantly our foreign policy and national security decisions. The Treasury Department does not and could not represent all those interests. Extending full statutory membership on the National Security Council to the Secretary of the Treasury would not achieve the purpose of bringing to bear on decisions the full range of international economic considerations.

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For these several reasons, I am concerned that increasing the statutory membership of the Council might well diminish its flexibility and usefulness as a most important advisory mechanism for the President.

In sum, S. 2350 is unnecessary, since adequate arrangements for providing advice to the President on the integration of economic and foreign policy already exist, and it is undesirable because the proposed arrangement is inconsistent with the purposes of the National Security Council and would lessen the current and desirable flexibility of the President in arranging for advice on the broad spectrum of international and national security security policy matters.

THE WHITE HOUSE

December , 1975



3

TO THE SENATE OF THE UNITED STATES :

I return without my approval 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."

The National Security Council is one of the most important organizations in the Executive Office of the President. The Council's function, under the law, is to advise the President with respect to the integration of domestic, foreign, and military policies relating to the national security. The President, the Vice President, the Secretary of State, and the Secretary of Defense are the statutory members of the Council. In addition, the President may, under the law, appoint by and with the advice and consent of the Senate the Secretaries and Under Secretaries of other executive departments and of the military departments to serve at his pleasure. No President has ever exercised this latter authority.

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Gerald R. Ford

THE WHITE HOUSE, December 31, 1975



AMENDING SECTION 101(a) OF THE NATIONAL SECURITY ACT OF 1947, AS AMENDED, TO INCLUDE THE SECRETARY OF THE TREAS-URY AS A MEMBER OF THE NATIONAL SECURITY COUNCIL

DECEMBER 15, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

> Mr. PRICE, from the Committee on Armed Services, submitted the following

REPORT

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[To accompany S. 2350]

The Committee on Armed Services, to whom was referred the bill (S. 2350) to amend Section 101(a) of 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, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of S. 2350 is to designate the Secretary of the Treasury as a member of the National Security Council.

BACKGROUND

Section 101(a) of the National Security Act (50 USC 402(a)) provides for the establishment of the National Security Council 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 and agencies of the Government to cooperate more effectively in matters involving the national security.

It further provides that the Council should be composed of the President, the Vice President, and the Secretaries of State and Defense, the Director for Mutual Security and the Chairman of the National Security Resources Board. The Secretaries and Under Secretaries of other executive departments and of the military departments may be appointed by the President to serve on the Council at his pleasure, by and with the advice and consent of the Senate. Since the positions of the Director of Mutual Security and the Chairman of the National Security Resources Board have in fact been abolished by subsequent reorganization plans, at present the membership of the Council is limited to the President, the Vice President, the Secretary of State and the Secretary of Defense.

DISCUSSION

Events of recent years have demonstrated the increasing impact of economic issues on national security matters. Two recent examples were the Russian grain purchases and the Arab oil embargo. The ripple effects of both those incidents are still being felt in our domestic and international policies. Economic policy is so intertwined with both domestic and foreign policy that the Armed Services Committee believes it should not be considered in isolation. In order that the National Security Council might be fully apprised of the economic implications of its decisions, the Armed Services Committee believes that the Secretary of the Treasury should be a statutory member of that body. His presence on the National Security Council should assure that economic consequences will be considered in the formulation of national security policies.

This enlargement of the National Security Council was proposed in the report of the Commission on the Organization of the Government for the Conduct of Foreign Policy in June 1975. In its report the Commission stated:

Increasingly, economic forces define the strength of 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 policymaking.

DEPARTMENTAL POSITION

The departmental position is as set forth in the following letters:

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE, Washington, D.C., November 26, 1975.

Hon. MELVIN PRICE,

Chairman, Committee on Armed Services, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of the Department of Defense on S. 2350, 94th Congress, 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."

The bill would accomplish its stated purpose by adding the Secretary of the Treasury to the list specifying the composition of the Council in the fourth paragraph of section 101(a) of the National Security Act of 1947 (50 U.S.C. 302(a)). The National Security Council was incorporated into the Executive Office of the President by Reorganization Plan No. 4 of 1949 (63 Stat. 1067). Accordingly, the Department of Defense defers to the Executive Office of the President on the merits of the bill.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there would be no objection to the presentation of this report for the consideration of the Committee.

Sincerely,

L. NIEDERLEHNER, Acting General Counsel.

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET, Washington, D.C., December 1, 1975.

Hon. MELVIN PRICE,

Chairman, Committee on Armed Services, House of Representatives, Rayburn House Office Building, Washington, D.C.

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 advices 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,

JAMES T. LYNN, Director.

COMMITTEE POSITION

The Committee on Armed Services, a quorum being present, by voice vote, favorably reported S. 2350 on December 9, 1975.

FISCAL DATA

A cost factor cannot be ascertained for this legislation. It is the belief of the Armed Services Committee that any costs which might be associated with it would be minimal.

COMPLIANCE WITH CLAUSE 2(1)(3)(C) OF RULE XI OF THE RULES OF THE HOUSE OF REPRESENTATIVES

With reference to clause 2(1)(3)(C) of rule XI of the Rules of the House of Representatives, the Committee on Armed Services was notified on December 12 by the Congressional Budget Office that the bill will have no direct effect on budget authority or outlays over the next five years.

INFLATION IMPACT STATEMENT

The Armed Services Committee believes that this bill does not contain any inflation factor.

The Director of the Congressional Budget Office confirmed this belief in her letter of December 12, 1975.

OVERSIGHT FINDINGS

The Committee indicated a continuing need for observation of the composition of the National Security Council to insure that national economic interests are adequately represented in the formulation of national security policies.

With reference to clause 2(1)(3)(D) of rule XI of the Rules of the House of Representatives, the committee has not received a report from the Committee on Government Operations pertaining to this subject matter.

CHANGES -IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, there is herewith printed in parallel columns the text of provisions of existing law which would be amended by the the various provisions of the bill as reported.

THE BILL AS REPORTED

NATIONAL SECURITY ACT OF 1947, AS AMENDED, 50 U.S.C. 401 (61 STAT. 495) (PUBLIC LAW 253, 80TH CONG. JULY 26, 1947) That (a) the fourth paragraph of section 101(a) (50 U.S.C. 402(a)) of such act is amended—

(1) by redesignating clauses (5), (6), and (7) as clauses (6), (7), and (8); and

(2) by inserting before clause(6), (17), and (8); and

NATIONAL SECURITY COUNCIL

TITLE I—COORDINATION

FOR NATIONAL SECURITY

SEC. 101. (a)

EXISTING LAW

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.

SUMMARY

S. 2350

BACKGROUND AND PURPOSE

This bill would enlarge the membership of the National Security Council to include the Secretary of the Treasury as a permanent member. The presence of the Secretary of the Treasury at National Security

"(5) the Secretary of the Treasury;"

Council meetings would insure that economic consequences would be considered in the formulation of national security policies.

FISCAL DATA

The cost of this legislation cannot be determined. It is believed, however, that any costs would be minimal.

DEPARTMENTAL POSITION

The bill is opposed by the Office of Management and Budget on behalf of the Administration.

COMMITTEE POSITION

The Committee on Armed Services, on December 9, 1975, a quorum being present, favorably reported the bill.

SENATE

Calendar No. 411

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

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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 italic, 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)](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.

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¹ Abolished in 1953.



Rinety-fourth Congress of the United States of America

AT THE FIRST SESSION

Begun and held at the City of Washington on Tuesday, the fourteenth day of January, one thousand nine hundred and seventy-five

An Act

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;".

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Speaker of the House of Representatives.

Vice President of the United States and President of the Senate.

FOR IMMEDIATE RELEASE

January 1, 1976

A. TORO

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE SENATE OF THE UNITED STATES:

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Moreover, a large number of executive departments and agencies have key responsibilities for programs affecting international economic policy. From time to time these programs influence importantly our foreign policy and national security decisions. The Treasury Department does not and could not represent all those interests. Extending full statutory membership on the National Security Council to the Secretary of the Treasury would not achieve the purpose of bringing to bear on decisions the full range of international economic considerations.

For these several reasons, I am concerned that increasing the statutory membership of the Council might well diminish its flexibility and usefulness as a most important advisory mechanism for the President.

In sum, S. 2350 is unnecessary, since adequate arrangements for providing advice to the President on the integration of economic and foreign policy already exist, and it is undesirable because the proposed arrangement is inconsistent with the purposes of the National Security Council and would lessen the current and desirable flexibility of the President in arranging for advice on the broad spectrum of international and national security policy matters.

GERALD R. FORD

THE WHITE HOUSE, December 31, 1975

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December 31, 1975

Received from the White House a sealed envelope said to contain S. 2350, An Act 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, and a veto message thereon.

Junis R. Valeo Secretary of the Senate

S.C. Your

December 19, 1975

Dear Mr. Director:

The following bills were received at the White House on December 19th:

> 8. 313 8. 1281 5. 2350

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder Chief Executive Clerk

The Honorable James T. Lynn Director Office of Management and Budget Washington, D. C.