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REORGANIZATION PLAN NO. 4 OF 1949—TRANSFERRING
THE NATIONAL SECURITY COUNCIL AND THE NA-
TIONAL SECURITY RESOURCES BOARD

AUGUST 4 (legislative day, JUNE 2), 1949.—Ordered to be printed

Mr. McCLELLAN, from the Committee on Expenditures in the Execu-
tive Departments, submitted the following

R E P O R T

On June 20, 1949, the President of the United States transmitted to the Congress Reorganization Plan No. 4 of 1949, prepared in accordance with the provisions of the Reorganization Act of 1949. While not required to do so under the provisions of the Reorganization Act of 1949, this committee is reporting the plan favorably in order that the record may be clear and the Senate may be cognizant of the inspection and consideration of the plan by the committee, as required by law.

PURPOSE

Reorganization Plan No. 4 of 1949 transfers the National Security Council (NSC) and National Security Resources Board (NSRB) to the Executive Office of the President, in line with recommendations of the Commission on Organization of the Executive Branch of the Government. An accompanying press release emphasizes the need of well-coordinated staff facilities to help the President to provide effective administration. Ten years back, several staff agencies were grouped into an Executive Office of the President (EOP). The greatly improved staff assistance thereby supplied to the President prompts this proposal to expand EOP to include the NSC and NSRB.

The President's message transmitting plan No. 4, states that these two agencies—

assist the President in developing plans and policies which extend beyond the responsibility of any single department of the Government (since) their work needs to be coordinated to the fullest degree with that of other staff arms of the President, such as the Bureau of the Budget and the Council of Economic Advisers, it is highly desirable that they be incorporated in the Executive Office of the President. The importance of this transfer was recognized by the Commission on Organization of the Executive Branch of the Government, which specifically

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recommended such a change as one of the essential steps in strengthening the staff facilities of the President and improving the over-all management of the executive branch.

PRESENT WORK AND STATUS OF NSC AND NSRB

NSC.—The NSC must by statute appraise United States “objectives, commitments, and risks in relation to actual and potential military power (consider), policies on matters of common interest to (agencies) concerned with the national security,” and make recommendations thereon. It is an advisory body to the President and not one of the various agencies within the National Military Establishment.

The President as chairman controls NSC business, making his desires known through the executive secretary who is appointed by the President without Senate confirmation, and who acts as the President’s staff assistant for national security matters. The President is briefed daily by the executive secretary on the development of NSC affairs. He uses the executive secretary on national security matters which require the coordination of efforts of various departments. NSC studies may be submitted for advice and comment to the Bureau of the Budget, the Council of Economic Advisers, and other Presidential assistants, either during preparation or after submission as the President may prefer.

A special memorandum prepared by the executive branch in support of the proposed reorganization plan concludes that—

the Council function of advising the President indicates the desirability of its official recognition as a strictly Presidential staff organization, a high-policy planning arm of the President. It pulls together the factors involved in a national security problem and presents to the office an integrated proposal for a United States policy. This requires the coordination of Cabinet members and other high Government officials which can and should be done only by the President or in his name * * *

The NSC and its staff (31 individuals, half of whom are detailed from departments and agencies, and half are permanent career employees; current budget of \$200,000) are now housed in the Old State Department Building together with the Executive Office of the President. The Council meets regularly in the conference room of the White House.

NSRB.—NSRB mobilization planning requires (a) identification of the measures needed to mobilize the Nation’s human, natural, financial, and productive resources to meet wartime needs, and (b) “readiness planning” to ascertain the present steps, such as stock piling and selective service, which will assure that national resources will not be inadequate in critical areas in the event of war. For such purposes the NSRB in its brief history has advised the President on such vital security issues as the stock piling of strategic and critical materials, domestic rubber production policies, relocation of Government and industry, and the impact of security plans on the Nation’s resources.

To meet statutory requirements, the NSRB cooperates closely with other Presidential staff agencies. Thus it works with the Bureau of the Budget to apply the “readiness measures” quoted above, and to place mobilization planning for war upon peacetime considerations. Likewise, it must cooperate closely with the Council

of Economic Advisers to evolve those readiness measures which do not cause undue stresses and strains on the peacetime economy. With relation to the NSC, it injects into the work of that body evaluations of national security resources, and policies of economic mobilization. Outside the staff agencies of the President, the NSRB must also assume leadership in coordinating and stimulating various executive agencies to undertake readiness measures.

HOOVER COMMISSION REPORT ON GENERAL MANAGEMENT

The portion of this report devoted to the Executive Office of the President discusses the Presidential practice of many years of setting up interdepartmental Cabinet committees to advise on foreign and domestic aspects of important problems. Two of the most conspicuous of these committees have been NSC and NSRB, which were made advisory agencies to the President by the National Security Act of 1947. They are located in the same building with the present members of the President's office, and to all intents and purposes are part of that agency. Recommendation No. 7 of this Hoover report reads as follows:

The National Security Council and the National Security Resources Board, with their respective staffs, should be made, formally as well as in practice, a part of the President's office.

In support of this recommendation, the Chairman of the Commission on Organization of the Executive Branch of the Government testified at a hearing by this committee on June 30, 1949, that the seven reorganization plans of 1949 "are all steps on the road to better organization of the administrative branch * * *." With specific reference to plan No. 4 he indicated that it—

conforms to the Commission's recommendations and accomplishes the Commission's major purpose. Again, in this case some legislation is probably required to effect the Commission's further recommendations which included the elimination of statutory membership on these two councils.

Subsequently, Senator Smith asked about NSC formulating security policies, whereas NSRB works out administrative and other aspects of these policies, and whether the latter might not be eliminated to relieve the President. While Mr. Hoover agreed on the distinction made, he emphasized that—

these are practically Cabinet committees and I do not think they add to his burdens. (We recommended the creation of a special Secretary in the President's office who would coordinate the work of these different committees and see they carry on this work.)

SUPPORTING DATA IN TASK FORCE REPORT H ON FOREIGN AFFAIRS

The NSC has been attacked on the ground that its dominant military membership has taken over from the State Department, important phases of the control of the American foreign policy. The task force report finds this to be a potential rather than immediate danger. It emphasizes that an informed determination of what should be done in Germany and Korea, for example, must reflect the advice of both the military and State Departments.

NSC has only 11 full-time staff personnel, 3 officers and 8 clerical. It draws upon the existing departments for reports which are then

broadly circulated for policy discussion and determination. It also directs the Central Intelligence Agency which coordinates intelligence activities.

NSRB is quite different. By last September it was employing 200 full-time staff, and 95 consultants and w. o. c. employees. The task force report finds that NSRB has been somewhat isolated from the rest of the executive branch, and that it "has not been able to fulfill its role" of advising the President on mobilization problems.

DEVELOPMENT OF EXECUTIVE OFFICE OF PRESIDENT

Creation.—The present organization of the Executive Office of the President stems from the comprehensive 1937 Brownlow-Merriam-Gulick report. The President set up this Committee on Administrative Management to suggest "a comprehensive and balanced program for dealing with the overhead organization and management of the executive branch as it is established under the Constitution." The report of the committee states:

The White House staff: In this broad program of administrative reorganization the White House itself is involved. The President needs help. His immediate staff assistance is entirely inadequate. He should be given a small number of executive assistants who would be his direct aides in dealing with the managerial agencies and administrative departments of the Government. These assistants, probably not exceeding six in number, would be in addition to his present secretaries, who deal with the public, with the Congress, and with the press and the radio. * * *

This recommendation arises from the growing complexity and magnitude of the work of the President's office. Special assistance is needed to insure that all matters coming to the attention of the President have been examined from the over-all managerial point of view, as well as from all standpoints that would bear on policy and operation * * *.

The three managerial agencies, the Civil Service Administration, the Bureau of the Budget, and the National Resources Board should be part and parcel of the Executive Office. Thus the President would have reporting to him directly the three managerial institutions whose work and activities would affect all of the administrative departments (pp. 5-6).

Planning management: In addition to the means already indicated as desirable for fiscal and personnel management it is essential that machinery for over-all planning management be provided for the use of the Executive * * *.

To help manage many scattered and important agencies: It is recommended that a permanent National Resources Board be set up to replace the present temporary committee created by Executive order. This committee was first set up by the Public Works Administrator in 1933, and later was established by Executive order as the National Resources Board. It was then directed "to prepare and present to the President a program and plan of procedure dealing with the physical, social, governmental, and economic aspects of public policies for the development and use of land, water, and other national resources, and such related subjects as may from time to time be referred to it by the President" (p. 27).

The first function of such an agency is to serve as a clearinghouse of planning interests and concerns in the national effort to prevent waste and improve our national living standards. Another is to cooperate with departmental, State, and local agencies * * *.

Another function is that of collecting and analyzing data relating to our national resources, both human and physical, and of shaping up advisory plans for the better use of these resources * * *. Unless some overhead central agency takes an over-all view from time to time, analyzes facts, and suggests plans to insure the preservation of the equilibrium upon which our American democracy rests, there is danger that it will be badly upset * * * (pp. 27-28).

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SUBSEQUENT AND PROPOSED DEVELOPMENTS IN PRESIDENT'S OFFICE

By 1939 statute the National Resources Planning Board (NRPB) was established in the Executive Office. Under Reorganization Plan No. 1 of 1939 there was merged with that Board the functions and personnel of the National Resources Committee and the Federal Employment Stabilization Office in the Department of Commerce. After various intervening changes an act of 1943 abolished the NRPB.

Under Reorganization Plan No. 1 of 1939, the Bureau of the Budget was also transferred from the Treasury to the Executive Office of the President where it has expanded markedly in personnel and work. To bring conformance with other changes in nomenclature, the Hoover Commission now recommends that this agency become the Office of the Budget in the President's office.

In 1939, also, one of the administrative assistants to the President was assigned as liaison officer of personnel management to assist in the preparation of legislation dealing with personnel, and to maintain close contact with the departments and agencies on their personnel-management policies. Presumably that assignment will be modified, if, as the Hoover Commission recommends, the President's office is expanded by an Office of Personnel, the director of which is to be the Chairman of the Civil Service Commission.

In 1946 the Council of Economic Advisers was created by statute to study and report on national economic developments and trends. The Council consists of three members appointed by the President with the consent of the Senate. Hoover Commission Report No. 1 on General Management proposes that the Council be now replaced by a single-headed Office of the Economic Adviser.

In 1947, the National Security Act created both the National Security Council and the National Security Resources Board. As indicated above, the Hoover Commission recommends that they become "formally, as well as in practice, a part of the President's office."

The following comparison covers the numerous changes in the Executive Office recommended in Hoover Commission reports:

MAKE-UP OF THE EXISTING EXECUTIVE OFFICE OF THE PRESIDENT PROPOSED PRESIDENT'S OFFICE ON BASIS OF HOOVER REPORTS

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| 1. The White House office, including administrative assistants. | 1. The White House office, including administrative assistants, and staff secretary to "facilitate teamwork" with interdepartmental committees, etc. |
| 2. Council of Economic Advisers. | 2. Office of the Economic Adviser. |
| 3. Bureau of the Budget. | 3. Office of the Budget. |
| 4. Liaison Office for Personnel Management (an administrative assistant). | 4. Office of Personnel. |
| | 5. National Security Council, including Central Intelligence Agency. |
| | 6. National Security Resources Board. |
| | 7. Board of Impartial Analysis for Engineering and Architectural projects. |
| | 8. Office of General Services. |

Instead of simply adding new agencies to the President's office, there should be a general policy to govern its best internal organization. Such a policy might prescribe primary agencies to control broad areas of personnel, finance, planning, and housekeeping, all activities then to be grouped under those three categories.

PENDING LEGISLATION

S. 942, the proposed General Executive Management Act, 1949, specifically includes the National Security Council and the National Security Resources Board as constituent units of the Executive Office of the President. It also establishes an executive secretary of the Council, and a Chairman of the Board who is to be appointed by the President alone; both of these officials are to have their salaries specified in this statute. This general bill has not been reported by the Committee on Expenditures in the Executive Departments pending legislative developments in related fields.

S. 1843, to amend the National Security Act of 1947, among its proposals for unification of the military forces, provides the substantive legislation which is required to change the statutory membership of the NSC. As proposed in the President's message to the Congress on March 5, 1949, S. 1843 would make the Secretary of Defense the sole representative of the National Military Establishment on the NSC. The bill provides for the addition of the Vice President as a member, along with such other officials of the Executive branch as the President, by and with the consent of the Senate, may appoint from time to time to serve at his pleasure. The bill is now in final process of enactment.

