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EXECUTIVE OFFICE OF THE PRESIDENT
NATIONAL SECURITY COUNCIL
WASHINGTON

EX 7-8747

Sub 56 - NSC notes

January 30, 1956

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

SUBJECT: Security Requirements for Government
Employment

REFERENCE: Memo for NSC from Executive Secretary, same
subject, dated August 22, 1955, transmitting
the Fourth Summary Report of the Civil Service
Commission dated August 19, 1955

The NSC Planning Board discussed the reference Report of the Civil Service Commission on September 19, 1955 and, as a basis for further consideration, requested additional information concerning funding, organizational and related questions involved in the "formal establishment" of the Personnel Security Advisory Committee in the Executive Office of the President, as recommended by the Chairman, CSC. Data relating to this request are set forth in the enclosed study prepared by staff representatives of the Bureau of the Budget, the Department of Justice and the Civil Service Commission. At the Planning Board meeting of January 30, 1956, the Chairman, CSC, indicated that he wished: (1) to withdraw Recommendation A of the Report in order that it might be considered further in the light of changed circumstances and of the enclosed study; (2) to delete Recommendation D of the Report. The Justice Representative on the Planning Board advised that the studies called for in Recommendations B and C of the Report are being carried out along the lines indicated therein.

Pursuant to the foregoing the Planning Board recommends that the Council:

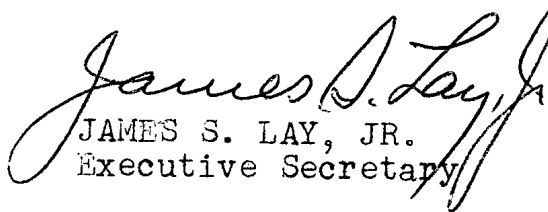
- a. Note the Fourth Summary Report of the Civil Service Commission, transmitted by the reference memorandum of August 22, 1955, pursuant to Section 14 of Executive Order 10450 as amended.

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b. Note that, with respect to the recommendations contained in the Fourth CSC Summary Report:

- (1) The Chairman, CSC, has withdrawn Recommendation A for further consideration by the Civil Service Commission in the light of changed circumstances.
- (2) The Department of Justice is conducting studies along the lines proposed in Recommendations B and C.
- (3) The Chairman, CSC, has deleted Recommendation D of the Report.


JAMES S. LAY, JR.
Executive Secretary

cc: The Secretary of the Treasury
The Attorney General
The Special Assistant to the President
for Disarmament
The Director, Bureau of the Budget
The Chairman, Civil Service Commission
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence
The Chairman, Interdepartmental Intelligence
Conference
The Chairman, Interdepartmental Committee on
Internal Security

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December 19, 1955

MEMORANDUM FOR THE NSC PLANNING BOARD

SUBJECT: Security Requirements for Government Employment

- REFERENCES:
- A. Memo for PB Budget Bureau Representative from Special Assistant to the President for National Security Affairs, October 4, 1955
 - B. PB Record of Meeting, September 19, 1955
 - C. Memo for NSC, August 22, 1955
 - D. NSC Action No. 1358, March 31, 1955
 - E. Record of Action of Cabinet meeting, January 7, 1955
 - F. NSC Action No. 791, May 20, 1953

The Fourth Report of the Civil Service Commission on the above subject (Reference C) contains the following recommendation:

- "A. That the Personnel Security Advisory Committee, now conducting its coordinating function on an informal and unofficial basis in the Executive Office of the President, be formally established and thereby given public recognition."

In a memorandum of October 4, 1955, the Special Assistant to the President suggested that:

"To facilitate Planning Board consideration... (of the above recommendation)..., it is suggested that the Bureau of the Budget, in collaboration with the Department of Justice and the Civil Service Commission, furnish advice and comments relative to the advantages and disadvantages of formally establishing an advisory committee on the subject in the Executive Office of the President. In line with the Planning Board Record of Action, dated September 19, 1955, it is suggested that the Budget Bureau advise as to funding, organizational, and related implications involved in such 'formal establishment'".

The attached Staff Memorandum has been prepared jointly by staff of the three agencies. This is not to be taken as an indication that the agencies subscribe to all the views expressed therein.

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The Staff Memorandum contains a number of judgments concerning the feasibility of various methods of accomplishing the desired objectives, i.e., by Executive order, administrative action, or otherwise. The group wishes to point out that these questions can only be determined with precision following the usual formal clearance, including legal, of a matured proposal.

The group points out the important interrelationship between the subject proposal and the recent establishment by law of the Commission on Government Security. The problem of this interrelationship may be one of the most important aspects of the proposal which the Planning Board should consider.

/s/ G. F. Schwarzwald

Representative of the Bureau of the Budget

/s/ William F. Tompkins, Jr.

Representative of the Department of Justice

/s/ Joseph E. Winslow

Representative of the Chairman of the Civil
Service Commission

Attachment

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December 19, 1955

STAFF MEMORANDUM FOR NSC PLANNING BOARD

PROPOSAL

"That the Personnel Security Advisory Committee...be formally established and thereby given public recognition."

BACKGROUND

The following provide the principal background for the consideration of the proposed organizational recommendation:

Responsibilities of Department of Justice: Section 13 of E.O. 10450 provides that "The Attorney General is requested to render to the heads of departments and agencies such advice as may be requisite to enable them to establish and maintain an appropriate employee-security program."

Responsibilities of the Civil Service Commission: Section 14a of E.O. 10450 provides that "The Civil Service Commission, with the continuing advice and collaboration of representatives of such departments and agencies as the National Security Council may designate, shall make a continuing study of the manner in which this order is being implemented by the departments and agencies of the Government for the purpose of determining:

"(1) Deficiencies in the...programs established under this order...

"(2) Tendencies...to deny to individual employees...

"Information affecting any department or agency developed or received during the course of such continuing study shall be furnished immediately to the head of the department or agency concerned. The Civil Service Commission shall report to the National Security Council, at least semi-annually, on the results of such study, and shall recommend means to correct any such deficiencies or tendencies."

Responsibilities of the National Security Council: In accordance with the above two sections, the National Security Council is responsible for: (a) designating the departments and agencies to provide continuing advice to and collaboration with the Civil Service Commission, and (b) receiving the reports of the Civil Service Commission.

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Designation of Agencies: Pursuant to its responsibilities under section 14a, the NSC by NSC Action 791 on May 20, 1953, designated the ICIS as the agency to provide continuing advice and collaboration.

On March 31, 1955, by NSC Action 1368, the NSC designated the Internal Security Division of the Department of Justice, in lieu of ICIS, previously designated, as the agency to provide the continuing advice and collaboration.

Cabinet Action: On January 7, 1955, the Cabinet heard an oral presentation by the Attorney General of the Government employee security program and "noted the assignment of Mr. Thomas J. Donegan as a member of the Department of Justice (1) to advise department heads on difficult security cases requiring coordination; (2) to review the program as a whole; and (3) to advise Administration officials who may be called by Congress for testimony on this program."

Personnel Security Advisory Committee: The Personnel Security Advisory Committee was set up in January 1955 as a direct outgrowth of the Cabinet action referred to above and has been meeting on a regular basis since its creation.

The Committee, under the chairmanship of a Special Assistant to the Attorney General, is composed of representatives of State, Defense, Treasury, Justice, AEC, and CSC. The expenses of the Committee are met by contributions of the principal agencies concerned. Personnel are contributed as follows: Chairman, Justice; staff member, CSC; staff member, State; administrative assistant, State; typist, CSC. In addition, the White House provides space, telephone service, and most of the equipment needs.

DISADVANTAGES OF PROPOSAL

In a memorandum of November 22, 1955, the Justice representative on the Planning Board sets forth the following as disadvantages:

"...This Department sees certain serious disadvantages in the recommendation of the Chairman of the Civil Service Commission. Unless the Committee were to be given powers which it does not now possess, it is difficult to see how it would function any differently from the way it does at the present time. Even if no additional powers and responsibilities were given to the Committee, placing the

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Committee on the White House staff* would definitely create the impression of White House sanction to any action it would take, thus derogating from the basic concept of Executive Order 10450 that full and ultimate responsibility for action taken thereunder must remain in the head of a department or agency. Furthermore, in the public mind there would certainly be created the impression of central domination of the whole program and would open it to attack as being directed by a 'czar'. We believe no action should be taken which would in any way take responsibility for final decisions from the head of a department or agency.

"The President has previously expressly indicated that he does not wish to have any function of the type performed by this Committee attached to the National Security Council. I am of the opinion that the same considerations preclude attaching such a function directly to the Office of the President. Should there be any considerations leading to a change in the present status of the Committee, it is my view that functionally the only logical place for such a Committee would be in the Civil Service Commission."

ADVANTAGES OF PROPOSAL

The representative of the Chairman of the Civil Service Commission cites five principal deficiencies in the over-all operations of the security program which the proposed organizational change is designed to correct. Expressed in terms of the needs of the program, they are:

- "1. A policy coordination function to insure the maximum amount of consistency in the application and interpretation of the security program among the agencies of the Executive Branch.
- "2. An operating coordination function to insure the maximum amount of consistency in the day-to-day operation of security officers with respect to methods, procedures, internal machinery, reports, etc.
- "3. An advisory function to deal with cases which may cross departmental or agency lines or which might command an unusual amount of public attention.

*The representative of the Chairman of the Civil Service Commission points out that the proposal would establish the Committee in the Executive Office of the President and not in the White House.

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- "4. A public relations function to provide a single focusing point for all public relations contacts having to do with the program, including Congressional inquiries.
- "5. A thinking function which will view the program as a whole from the forest rather than the trees point of view."

It is further presented that:

"...Despite its informal and unofficial basis, the Personnel Security Advisory Committee has had a large measure of success in meeting the over-all needs of the program. It has been most helpful not only in terms of developing uniform policies, but also in dealing with Congressional inquiries, investigations, and advising on individual cases.

"The needs outlined above can only be met from an organizational position above departmental lines. The official establishment of this office in the Executive Office of the President would do much to clarify internal relations between departments and agencies. It would have great public relations value. It would, moreover, give an official home for continuing certain of these functions which have already demonstrated their usefulness and would provide a single focusing point for the personnel security program which will become more and more necessary in the near future. Such a central focusing point, with coordinating functions, would in no way violate or interfere with the basic concept of the security enforcement delegated to individual department and agency heads."

ORGANIZATIONAL AND RELATED ISSUES FOR PLANNING BOARD
CONSIDERATION

The Chairman of the Civil Service Commission has provided a draft Executive Order, a copy of which is attached. This draft was prepared solely as a further means of explaining his views concerning the establishment of the Committee. He expressed the belief, with which the group concurs, that before any formal coordination of the order is undertaken, the Planning Board and the NSC should decide upon the questions of formalization and location following which actual clearance with the Civil Service Commission and all other agencies concerned would be accomplished through the usual clearance procedures of the Bureau of the Budget.

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The draft Executive order would provide for the following functions:

- a. "In order to insure the maximum consistency in the interpretation and application of the policies governing the civilian employee security program in the Executive Branch and in the operations of the departments and agencies under those policies, the Committee shall advise the President, the National Security Council and the heads of the departments and agencies concerning any matters relating to the coordination of the civilian employee security program in the Executive Branch.
- b. "The Committee shall cooperate with the Department of Justice and the Civil Service Commission in the conduct of their responsibilities under the civilian employee security program.
- c. "The Committee shall serve as a coordinating point for replies to the inquiries made of the Executive Branch concerning the program."

The draft order does not provide for the amendment of E.O. 10450. The group, however, is of the opinion that the proposed assignment of the functions described above would require careful consideration of the relationship between the proposed order and Executive Order 10450. Conceivably, the specific amendment of the responsibilities now assigned to the Department of Justice and the Civil Service Commission in Executive Order 10450 might be required.

The draft order intends that the concern of the Committee be limited to civilian employees. The proposal intends further that the Committee receive wide public notice, that it deal with cases commanding an unusual amount of public attention, and that it provide a single focusing point for all public relations contacts including congressional inquiries. Since a number of military cases present problems identical to those with which the Committee will be concerned, the Planning Board should consider whether the Committee can function effectively within the restricted orbit of civilian employees only.

The draft order would establish the Committee in the Executive Office of the President. In its present form the draft order describes an interdepartmental committee. The establishment of such a Committee in the Executive Office of the President would be unique and of doubtful appropriateness and possibly legality. The latter cannot be determined with precision except through the normal process of clearance, including legal clearance, of a matured proposed order.

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These defects, however, are technical and need not foreclose on the Planning Board's consideration of the substance of the proposal. If it is authoritatively determined to be desirable and appropriate for the functions to be lodged in the Executive Office of the President, a suitable method of accomplishing it may be assumed by the Planning Board to be available. One possibility might require that the functions be vested in an officer of one of the units of the Executive Office of the President who could serve as chairman.

Other alternatives are available to meet the objectives of formalization and public notice should it be determined that these are desirable objectives. A Committee such as that proposed might be established:

- a. Within Justice Department. This alternative would be suitable to a determination that the functions proposed are an extension of or consistent with the responsibilities of the Justice Department generally or under E. O. 10450. This probably could be accomplished (1) by action under E. O. 10450 by the Attorney General with the cooperation of the agencies concerned, or (2) by Executive order in further implementation of Section 13 of Executive Order 10450.
- b. Within Civil Service Commission. This alternative would be suitable to a determination that the functions proposed are an extension of or consistent with those of the Civil Service Commission generally or under E. O. 10450. This probably could be accomplished (1) by action under E. O. 10450 by the Civil Service Commission following designation by NSC of the agencies to provide continuing advice and collaboration, or (2) by Executive order in further implementation of Section 14 of Executive Order 10450.
- c. As an independent interdepartmental committee. This alternative would be suitable to a determination that the functions proposed are an extension of or consistent with those of the departments and agencies generally or under E. O. 10450. This could be accomplished by Executive order. The amendment of Executive Order 10450 conceivably might be required.

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FUNDING IMPLICATIONS

The draft Executive order would provide that the Committee be supplied such personnel, funds and administrative services as may be required by the departments and agencies represented. These departments and agencies would comprise the departments and agencies of State, Treasury, Defense, Justice, AEC, CSC, and ICA. This method of financing would be unique to the present structure of the Executive Office of the President. If it is determined that it is to be established as a unit of the Executive Office of the President, funds could be made available for it from White House sources.

Financing for all alternatives listed above can be provided without additional legislation as follows:

- a. Within Justice from funds available to Justice.
- b. Within CSC from funds available to CSC.
- c. As an independent committee from funds contributed by the members.

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D R A F T

EXECUTIVE ORDER

ESTABLISHING THE CIVILIAN EMPLOYEE SECURITY ADVISORY COMMITTEE

By virtue of the authority vested in me by the Constitution and Statutes of the United States, including Section 1753 of the Revised Statutes of the United States (5 U.S.C. 631), and the Act of August 26, 1950, 64 Stat. 476 (5 U.S.C. 22-1 et seq), and as President of the United States and in order to coordinate, strengthen and improve the civilian employee security program of the Executive branch, it is hereby ordered as follows:

1. There is established in the Executive Office of the President a civilian Employee Security Advisory Committee consisting of the Secretary of State, the Secretary of the Treasury, the Secretary of Defense, the Attorney General, the Chairman of the Atomic Energy, the Chairman of the Civil Service Commission, and the Director of the International Cooperation Administration. The Chairman shall be appointed by the President upon the nomination of the Attorney General. Committee members may designate an immediate personal assistant to serve as an alternate member of the Committee. The Committee may enlarge its membership on an ad hoc basis, as deemed necessary.

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2. In order to insure the maximum consistency in the interpretation and application of the policies governing the civilian employee security program in the Executive Branch and in the operations of the departments and agencies under those policies, the Committee shall advise the President, the National Security Council and the heads of the departments and agencies concerning any matters relating to the coordination of the civilian employee security program in the Executive Branch.
3. The Committee shall cooperate with the Department of Justice and the Civil Service Commission in the conduct of their responsibilities under the civilian employee security program.
4. The Committee shall serve as a coordinating point for replies to the inquiries made of the Executive Branch concerning the program.
5. Such personnel, funds and administrative services as may be required for the operation of the Committee shall be supplied by the departments and agencies represented on the Committee.

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