

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON 25, D. C.

Last Day
7/30/58

JUL 26 1958

My dear Mr. President:

On July 18, 1958, the Executive Clerk notified this office that H. R. 12575, "To provide for research into problems of flight within and outside the earth's atmosphere, and for other purposes", had been received at the White House and requested reports and recommendations thereon.

This bill substantially conforms with the administration bill transmitted to the Congress on April 2, 1958.

To attain specified national objectives, H. R. 12575 creates a civilian National Aeronautics and Space Administration and vests it with broad authority for directing aeronautical and space activities, except those peculiar to military requirements. The National Advisory Committee for Aeronautics will provide the nucleus for the new agency. A civilian Administrator and Deputy Administrator, both appointed by the President with the advice and consent of the Senate, will head the agency.

The Administrator of the new agency is made responsible to the President alone for conduct of civilian aeronautical and space activities. He is equipped with the authority required to accomplish the purpose of the act.

The major differences between the administration's bill and H. R. 12575 involve the arrangements for policy guidance for aeronautical and space activities. The original bill would have established a 17 man board drawn from the Government and private life to advise the President and the head of the civilian space agency. The enrolled bill authorizes the Administrator to establish such advisory groups as he may decide. It, in addition, creates a National Aeronautics and Space Council consisting of the President, who shall preside, and the Secretary of State, the Secretary of Defense, the National Aeronautics and Space Administrator, and the Chairman of the Atomic Energy Commission. One additional Government member and three private members are to be appointed by the President. This Council is to advise the President regarding development of a comprehensive aeronautical and space program, the allocation of responsibility among agencies, and the resolution of differences between them. The bill provides that the Council may have a staff headed by an executive secretary appointed by the President with provision for Senate confirmation.



The Council can make an important contribution during the next several months when the dimensions and direction of the Nation's space efforts are being developed. By the end of this period, needs and priorities will have been established with specific programs assigned to appropriate agencies. Thereafter it would appear that problems of space technology can be handled largely through the normal advisory and coordinating mechanisms employed for policy guidance, particularly since Dr. Killian and his staff are available to assist in policy formulation. General Cutler has written you separately regarding the need for appropriate coordination between the activities of the National Aeronautics and Space Council and the National Security Council.

Under the circumstances and until the scope of the National Aeronautics and Space Council activities is clearer, it is suggested that White House staff, including that of Dr. Killian, be utilized in assisting the Council. The Administrator of the new agency could be made responsible for developing necessary background materials. This will avoid the need for additional personnel, office space and other resources within the Office of the President. X

Authority requested by the administration to establish rates of compensation reasonably comparable to non-Federal employment has not been provided; however, special provisions for the payment of salaries up to \$21,000 per annum should enable the Administrator to attract and hold competent staff. Provision is made for cooperation with other public and private agencies in the use of services, equipment and facilities.

In order to bring together in the new agency all appropriate functions, the bill authorizes the President to transfer functions from other agencies for a period of four years. After December 31, 1958, such transfer will take effect only after the transmittal of reports thereof to the Congress and elapse of a period of sixty days without the adoption of a concurrent resolution of disapproval. The Department of Justice has advised informally that the provision for the disapproval of transfer by concurrent resolution is of doubtful constitutionality. However, the Department considers that in its practical application this provision is not so objectionable as to warrant disapproval of the bill, particularly since this procedure does not become effective until January 1, 1959. It is anticipated that by then most of the transfers to the new agency will have been accomplished. +

A Civilian-Military Liaison Committee is provided with an equal number of members from the military departments and from the National Aeronautics and Space Administration. The Chairman of the Committee is appointed by the President and may be either civilian or military.



The Administration and the Department of Defense will keep each other informed of activities of mutual interest through this Committee and in case of failure to agree on a common course of action, the matter will be referred to the President for decision. The administration bill made no provision for such a liaison arrangement.

The legislation makes clear that the national policy is to direct space activities to peaceful purposes and to this end the Administration under the guidance of the President may engage in a program of international cooperation.

There are safeguards in the bill to assure security of information when in the national interest, but there is also a requirement that other information shall be open to public view. While the administration bill had no provision regarding patents, H. R. 12575 has extensive patent provisions. Title to inventions and discoveries to which the Administration made a contribution becomes the exclusive property of the United States. If in the national interest the Administrator may waive rights to any invention, subject to reservation by the Administrator of a royalty-free license for use of such invention on behalf of the United States or any foreign government pursuant to any international agreement. The Administrator may make monetary awards to any person making a scientific contribution to aeronautical and space activities in amounts up to \$100,000, and in excess of that amount after reporting the circumstances to appropriate committees of the Congress.

The Department of Defense, Department of State, Department of Commerce, Atomic Energy Commission, National Advisory Committee for Aeronautics and the National Science Foundation all recommend approval of H. R. 12575, as does Dr. Killian.

The Department of Defense suggests that consideration be given to subsequently amending the legislation to delete Section 204 providing for a Civilian-Military Liaison Committee on the ground that more effective liaison could be achieved without such a statutory body. The Department of Commerce has reservations concerning the desirability of provisions for property rights in inventions under Section 305 of the bill and states that experience may prove the need for amendment at some future time.

The Department of State declares that Section 205 might be interpreted as prohibiting international cooperation in space matters other than pursuant to a formal treaty, which limitation it would regard as unacceptable on constitutional grounds. That Department suggests that a statement be issued at the time of approval of the bill which makes clear that the cited provision is not regarded as precluding less formal international arrangements.



The Bureau of the Budget joins the agencies referred to above in recommending approval of H. R. 12575. A proposed statement concurred in by Dr. Killian for issuance at the time of signature is attached for your consideration. The statement incorporates the point raised by the Department of State regarding Section 205 of the bill.

Respectfully yours,

Maurice H. Stans

Director



The President

The White House

Enclosures