

Mr. MORSE. Has it taken any positive action with which you are familiar?

Mr. FOSTER. Only in the coordination of activities and the support of the things we and the Defense Department have done together or individually.

Mr. MORSE. Was the Committee of Principals to which you referred, I think that is what you called it, the Committee that was set up under Executive Order 11044?

Mr. FOSTER. No. It was set up by President Eisenhower.

Mr. MORSE. You call it the Committee on Principals or the Committee of Principals.

Mr. FOSTER. Of principals.

Mr. MORSE. P-a-l-s?

Mr. FOSTER. Yes.

Mr. MORSE. Do the principals actually sit?

Mr. FOSTER. Yes; they sat for 2 hours last night.

Mr. MORSE. The principals, not their subordinates, not their deputies?

Mr. FOSTER. That is right.

Mr. MORSE. Has this matter of the economic ramifications of adjustments in our defense spending been something with which the Committee of Principals has concerned itself with?

Mr. FOSTER. No.

Mr. MORSE. Section 26 of your act sets up an Advisory Committee. Who is the chairman?

Mr. FOSTER. John J. McCloy.

Mr. MORSE. Has the Advisory Committee concerned itself with this particular area?

Mr. FOSTER. Yes: we report to that Committee and engage in discussions with that Committee on all the ranges of our responsibilities, including those dealing with economic dislocation.

Mr. MORSE. I infer from your testimony that apart from the ad hoc committee which has been set up under Chairman Ackley, there isn't any central point in the executive establishment for the consideration of economic implications of changes in our defense spending.

Mr. FOSTER. There is the Office of Economic Adjustment in the DOD. And, of course, our own Economic Bureau.

Mr. MORSE. I recall that Mr. McNamara—

Mr. FOSTER. There is the President's Committee which includes the heads of the various agencies that are concerned in this, which Committee meets at the deputy level reasonably frequently.

Mr. MORSE. I recall that Mr. McNamara said last fall that the economic effects of any defense closings was not a proper consideration for the Department of Defense.

Mr. GROSS. Well, now—

Mr. MORSE. I recall that that is what he said.

Mr. GROSS. Will the gentleman yield?

Mr. MORSE. I will, indeed.

Mr. GROSS. Here is a study summary of naval requirements for shipyard capacity. I don't want to quote it. When Secretary McNamara announced the various base closures he released a summary of this study. On page 5 of this report the statement is made that the De-