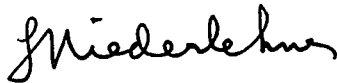


1394 AMENDING SUBVERSIVE ACTIVITIES CONTROL ACT OF 1950

Paragraph (4) of the bill would insert a new Section 5A after Section 5 of the Act. The proposed Section 5A would provide statutory authority for the Industrial Security Program of the Department of Defense by authorizing the President to issue appropriate regulations to protect classified information furnished to industry. Additionally, it would authorize procedures for denial of employment in defense facilities to persons who, if given the opportunity, might engage in sabotage, espionage, or other activities which would impair the military effectiveness of the United States. It is assumed that this statutory authority and the criteria provided would authorize the Department to continue its Industrial Security Program substantially as administered at present, with a corresponding broadening of Departmental powers over those contained in Sections 4 and 5 of Executive Order 10865, and to institute a stronger Industrial Defense Program for the protection of defense facilities by authorizing the President to extend many of the provisions of the Industrial Security Program to the protection of such facilities. However, it would require security checks of certain employees of several thousand "defense facilities." Additional monetary and manpower resources would be necessary to meet this requirement.

The Bureau of the Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee, but that it has not yet had the benefit of the views of the Department of Justice and other interested agencies on H.R. 15626.

Sincerely,



L. Niederlehner
Acting General Counsel