The original documents are located in Box 8, folder "Council on International Economic Policy and Economic Policy Board (2)" of the Philip Buchen Files at the Gerald R. Ford Presidential Library.

CIEP

Wednesday 1/29/75

Meeting
1/30/75
3 p.m.

2:10 At your request, Jay has scheduled a meeting on reorganization of CIEP, etc. for tomorrow (Thursday 1/30) at 3 p.m.

To attend: Bob Wolthius (Friedersdorf's office)
Skip Hartquist
Roger Porter
Chuck Bingman (OMB)
Jay

MEMORANDUM OF CALL

TO: Mr Bucher

☐ YOU WERE CALLED BY— ☐ YOU WERE VISITED BY—

Mr. BINGMAN

OF (Organization)

OMB 4527

☒ PLEASE CALL → PHONE NO. CODE/EXT.

☐ WILL CALL AGAIN ☐ IS WAITING TO SEE YOU

☐ RETURNED YOUR CALL ☐ WISHES AN APPOINTMENT

MESSAGE

ASH ASKED him to call.

Re Economic Policy Board, and CIEP

RECEIVED BY	DATE	TIME
Jane	1/30	12 50

STANDARD FORM 63
REVISED AUGUST 1967
GSA FPMR (41 CFR) 101-11.6

GPO : 1969—o48—16—80341-1 332-389

63-108

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Thursday 1/30/75

Meeting
1/31/75
2 p.m.

3:00 Jay has rescheduled the meeting on CIEP reorganization.

Will now be at 2 o'clock on Friday 1/31.

Friday 1/31/75

Meeting
1/31/75
2 p.m.

10:45 Jay sent over the attached for your 2 o'clock meeting this afternoon.

DRAFT

Should Hill meet Rumsfeld, Simon, State?

THE WHITE HOUSE

WASHINGTON

February 18, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM SEIDMAN

SUBJECT: Organizing for Economic Policy

I

Ultimate Objective

Your advisers are agreed on the ideal organization of your staff for the coordination and development of domestic and international economic policy: an interagency economic coordinating board, served by a staff working under a Presidential Assistant who is not subject to Senate confirmation, created either by Executive Order or by a very general statute and without any separate board or staff for international economic policy.

II

Should we seek legislation?

The fundamental issue is whether we should seek legislation abolishing the statutory Council on International Economic Policy (CIEP) and either creating an Economic Policy Board (EPB) or leaving us free to staff one created by Presidential action. Such legislation would move us closer to the ideal arrangement outlined above. But the legislative route has these disadvantages:

- Could be interpreted as a downplaying of White House coordination of international economic issues when in fact the opposite should be true.

- Might require a substantial commitment of our resources at a time when we have no resources to spare.

- Would surely include provision for Senate confirmation of the chief Presidential aide for economic affairs and for various additional reports to Congressional committees.

- Likely to be a slow process and thus to compel us to organize for economic policy-making during the crucial immediate period without the benefit of new legislation.

- Unclear whether Congress would treat this as an organizational, economic or foreign trade issue.

In view of these disadvantages, I recommend that we avoid legislation at this time although reserving it as our ultimate goal. I think we can get along adequately without it.

III

Operating under existing legislation

A. Relevant Factors

In operating under existing legislation, several variables must be considered:

- CIEP has appropriations for resources sufficient to serve both our domestic and international economic planning needs.

- That staff is directed by the CIEP Executive Director.

- There is no legal obstacle to requesting lower appropriations for CIEP and more for the general White House appropriation, although this would require an amendment of the 1976 budget as submitted. [Bill: Is Amendment Required?]

- CIEP's statutory charter emphasizes international economic policy but also speaks of the need for "the closer coordination of domestic and foreign economic activity" and for "consistency between domestic and foreign economic policy."

- Foreign and domestic economic policy can best be coordinated in this Administration through a single body such as the EPB.

- You wish your Assistant for Economic Affairs to supervise both domestic and international economic policy. He needs one or two deputies and staff resources.

- Subject to that supervision, one or both deputies can deal directly with the President as appropriate.

- The CIEP Executive Director is subject to Senate confirmation. This means that he must testify before appropriate Congressional committees. It also means that the post has some prestige that can help in attracting the right kind of person.

- Abstract organizational considerations are less important than and must be adjusted in accordance with the talents and interests of the persons actually appointed to the posts in question.

B. Funding Possibilities

1. Request more funds for general White House staff and less for CIEP.

Pro: Puts staff where it's needed.

Avoids the possibility that we will be accused of "misusing" international funds for domestic purposes.

Con: Requires revising budget already submitted. [?]

Doesn't solve problem for remainder of current fiscal year.

Separate appropriations for foreign and domestic policy staffing involves inevitable rigidity.

2. Continue existing budgeting but use CIEP staff for both foreign and domestic issues.

Pro: Minimizes appropriation changes.

Recognizes inseparability of foreign and domestic issues.

Is consistent with the CIEP statute's recognition of the inter-relationship of foreign and domestic economic policy.

Con: Might appear as a misuse of funds appropriated for international issues.

-- But who would complain about using CIEP budget more efficiently to serve not only foreign but also domestic economic policy?

Makes Seidman dependent for staff on CIEP Executive Director.

-- Should not be a problem if the right kind of person is appointed to CIEP post and if there are proper understandings at the outset.

3. Recommendation: Option #2.

C. Management Possibilities

1. Make Seidman CIEP Director as well as Presidential Assistant.

Pro: Emphasizes foreign-domestic interrelationship.

Avoids any tensions in allocating CIEP staff between foreign and domestic policy tasks.

Con: Requires Seidman confirmation and Hill testimony (doubtless on domestic matters as well).

Loses CIEP post as recruitment lure.

2. Leave CIEP post vacant.

Pro: Nobody needs to be confirmed.

No confirmed official has charge of CIEP staff in competition with Seidman.

Con: Unnecessary.

Failing to appoint top official contemplated by law contrary to sound principle.

3. Appoint CIEP Executive Director who will act as deputy to Seidman and who will understand that CIEP staff is available for foreign and domestic work.

Pro: Fills the statutory post.

Uses prestige of statutory post for recruitment.

Provides White House with a statutory official who can articulate White House policy when that is desired.

Con: Confirmed official might conceivably think himself independent of Seidman.

-- Unlikely if right person selected.

The person selected cannot come on board for many weeks until confirmed.

-- But the prospective appointee could be brought on now as an assistant to Seidman so long as this procedure is cleared with the relevant Senate committee.

3a. CIEP Director as sole deputy to Seidman.

Pro: Avoids any disputes as to allocation of CIEP staff between foreign and domestic functions.

Most efficient way to manage staff.

Arrangement most likely to attract a good person.

Con: Will be called upon to testify on domestic as well as foreign matters.

Congress might think it curious that Seidman deputy should have to testify while Seidman does not; invites legislation.

-- But any such legislation could be used to achieve our more ideal organization.

Might eliminate competitive inputs to Seidman.

-- Not likely in view of diverse inputs through EPB itself.

3b. CIEP Director as one of two deputies to Seidman.

Pro: CIEP Director would focus on international matters as "intended" by statute.

-- Unsound argument in view of fact that CIEP staff is not limited to international matters.

Leaves Seidman with two sources on most matters.

Con: Less efficient vehicle for managing CIEP staff.

3c. CIEP Director as "principal deputy" to Seidman, as director of the staff, with primary but not exclusive responsibilities on the international side, where a second deputy with certain administrative responsibilities could report directly to Seidman.

Pro: Recognizes the statutory responsibility of CIEP Director for the CIEP staff.

4. Recommendation: Option 3c.

OPTION I -- Formal Definition of EPB/CIEP Role and Resources

Legislation would be submitted to the Congress to create EPB by statute and bring the CIEP role and resources into the new organization. Such statutory authorization would provide the basis for appropriating funds for whatever EPB staff is needed but subject to the will of the authorization and appropriation process. The advantages of this approach are that the President and the Congress would visibly join in establishing a "capstone" economic affairs organization, a fairly explicit mission for such an office would be agreed to, its formal charter would add to its credibility and leverage, and it would have access to a more certain source of funds to maintain its staff.

The disadvantages of this approach lie in the fact that legislation requires a high degree of "locking-in" to a specific EPB in terms of defined role, membership, staffing and responsibility, and that these specifics will be dictated in large part by the Congress rather than the President. A number of specific concerns are at risk:

1. The defined role of EPB -- The Congress can insist that an explicit definition of EPB responsibilities, authorities, priorities and even procedures be locked in statute, thus reducing the President's flexibility to accommodate his use of EPB to meet changing circumstances.

2. Confirmation -- Any Chairman, Executive Director, or other official (excluding the President or an already confirmed official) will undoubtedly be made subject to confirmation, and the collateral requirement that such officials testify before all appropriate Congressional committees. This is assumed to be the case even where the Assistant to the President for Economic Affairs serves either as Chairman or Executive Director. This is an undesirable precedent for top ranking Presidential Assistants and would probably result in heavy pre-occupation with Congressional demands.

3. Congressional demands for information -- Legislation creating EPB by statute would give the Congress the opportunity to mandate several forms of information demand:

   a. They have a stronger basis for demanding testimony relating to the business of EPB itself, as distinct from the activities of the departments and agencies as described by their heads.

   b. They can mandate that the Congress be kept "fully and currently informed." Because there are so many committees and subcommittees with jurisdiction in both domestic and international economic matters, both EPB leadership and staff might find themselves responding to such extensive Congressional demands that their capacity to meet Presidential and Executive Branch need would be impaired.

c. Congress might also demand access to studies, options, analyses, projections, or other data even of a preliminary nature intended for the President, including access,before the President or others in the Executive Branch have themselves had an opportunity to use such material. The CIEP legislation when enacted, mandated an extremely broad-ranging annual report; there is the real prospect that such a requirement could be extrapolated into the domestic economic area as well, where the conflict with CEA's annual report would be even more pronounced.

4. Congressional Committee jurisdiction -- Because there are so many committees and subcommittees dealing with economic affairs, legislation for creating an EPB would precipitate further infighting over jurisdiction both on the enabling bill itself and over continuing substantive jurisdiction. If the enabling legislation is clearly cast as an "organization" bill,

it might be steered to the more neutral Government Operations Committee where the Administration could attempt to address the organizational intent rather than policy issues. There is, however, no guarantee of safety in this route, and it would not resolve the intense jurisdictional competition for continuing oversight. Using the reasoning that we are proposing an "organization" bill, we would propose to draft minimal legislation seeking only the statutory basis for an EPB chaired by the President who is free to designate additional members as he chooses and to appoint such staff officials as he deems necessary. We would then seek to hold the line against Christmas-treeing, including reintroduction of provisions in the current CIEP statute which we can do without.

5. <u>EPB budget and staff</u> -- Enabling legislation would undoubtedly furnish the necessary statutory basis for the direct appropriation of the necessary funds to provide whatever staff resources (and consultant services) are considered necessary. These resource needs would obviously have to be justified to Congress, but, given the importance of the subject matter,

reasonable Congressional reaction seems likely. How important this advantage is, is a function of the urgency for staff resources which cannot be obtained except by this route.

6. <u>Combining EPB and CIEP</u> -- It is understood that EPB and CIEP are, at least in part, motivated by the possibility of using current CIEP staff capability to meet the needs for staff in the domestic economic arena. Statutory enablement for EPB would solve that need directly and thus reduces at least that reason for combination.

OPTION II - Non-statutory Approaches for Improving EPB/CIEP Roles and Resources

An alternative to formal statutory creation of EPB and combination with CIEP lies in the potential to solve perceived problems within the present arrangements -- that is, a statutory CIEP and an EPB established and defined by the President by Executive Order. The specific concerns discussed in Option I appear as follows:

1. The defined role of EPB -- The President would retain his present latitude in accommodating his use of EPB as he sees fit to meet changing circumstances. This means he is free to make changes in membership, the chairman, the executive director, the stated definition of EPB's role or priorities or any other aspect of the Board's functioning. Formal combination with CIEP, however, is not possible because CIEP is locked in statute. We would therefore have to continue to explain the relationship between the two and to integrate their efforts without organizational combination.

2. Confirmation -- If the Congress seeks to require confirmation of the Executive Director of EPB, they would have to introduce separate legislation to do so and could not ride a bill which is a Presidential initiative. Such legislation could be more effectively opposed by the Administration.

3. Congressional demands for information -- In the absence of a statute which mandates EPB responsibilities to the Congress, EPB can be freer in retaining control of material intended as confidential advice to the President and avoiding premature release of preliminary work. Requirements for EPB to testify could continue to be met by any member already confirmed.

4. Congressional committee jurisdiction -- The absence of legislation would avoid putting EPB in the middle of the Congressional jurisdiction conflict and would also leave the jurisdictional issues surrounding CIEP alone. The Executive Director of CIEP would obviously continue to testify on international economic matters and careful coordination would still be needed to assure a consistent Administration posture before the many Congressional committees involved.

5. EPB budget and staff -- In the absence of an authorizing statute, the EPB and the Assistant to the President for Economic Affairs would continue to face the problem of finding staff resources to undertake both the substantive

analysis and the administrative work required to support the Board. It is also recognized that resources available through the White House budget will continue to be limited. A number of avenues for tapping staff capability would have to be pursued:

a. Some continuing use of CIEP staff is warranted in areas of common concern. CIEP staff assistance should not however be asked to work in areas of purely domestic economic concern, since that might be seen as being outside of the purposes for which CIEP funds are authorized.

b. The National Security Council has successfully employed a system by which it defines specific studies or analyses it wants undertaken, and then places requirements on departments and agencies having the appropriate staff resources to prepare reports for the Council. This approach might include longer term assignments such as reassessment of the adequacy of statistical information or providing computerized information service to the Board.

c. Some use can be made of people borrowed from other government organizations for a fixed period of time, either for administrative or analytical duties.

COUNCIL ON INTERNATIONAL ECONOMIC POLICY
WASHINGTON, D.C. 20500

February 4, 1975

MEMORANDUM FOR

PHILIP W. BUCHEN

SUBJECT: Legislation Regarding Economic Policy Board

Attached for your review is a version of the Economic Policy Board legislation which has been revised in accordance with your suggestions as follows:

(1) Section 3 - Optional paragraph inserted.

(2) Section 5 - Head of staff is designated as Executive Director, who will be appointed by the President. The reference to leases (subparagraph (e)) has been deleted.

Our instructions are that the Assistant to the President for Economic Affairs is to be a member of the Board, so we have left Section 4 as is.

The President's message to Congress has also been revised accordingly.

Mike Dunn
J. M. Dunn
Acting
Executive Director

Attachments

CC:
Jay T. French - Rm 110
Roger Porter - Rm 200
Robert Walthieus - EW 112
Charles Bingman - Rm 10236 - New EOB

PRESIDENTIAL MESSAGE TO CONGRESS TO ACCOMPANY THE ECONOMIC POLICY BOARD ACT OF 1975

Dear Mr. Speaker (Mr. President):

I am submitting herewith proposed legislation to the Congress to establish the President's Economic Policy Board, which will oversee the formulation, coordination and implementation of economic policy.

The Economic Policy Board was originally established by Executive Order 11808 on October 1, 1974 and over the past four months, I have found it extremely useful in focusing attention throughout the Executive Branch on critical economic issues and at the same time providing a workable forum for the consideration of solutions to our economic problems.

The purpose of this legislation is to establish the Economic Policy Board by law and to provide the Board with a staff. I feel this legislation will greatly strengthen what I have found to be a very effective organization for ensuring coordination among the many executive departments and agencies presently supporting the decision-making process on economic policy matters.

The proposed legislation provides that the Board will oversee the formulation, coordination, and implementation of all economic policy of the United States, serve as the focal point for economic policy decision-making, and make such reports and give such advice to the President as it deems appropriate or as the President may require.

The Board will consist of the President; the Vice President; the Assistant to the President for Economic Affairs; the Secretary of State; the Secretary of the Treasury; the Secretary of Defense; the Secretary of the Interior; the Secretary of Agriculture; the Secretary of Commerce; the Secretary of Labor; the Secretary of Health, Education, and Welfare; the Secretary of Housing and Urban Development; the Secretary of Transportation; the Director of the Office of Management and Budget; the Chairman of the Council of Economic Advisers; and the Special Representative for Trade Negotiations.

The staff of the Board will be headed by an Executive Director appointed by the President. The role of the staff will be to assist the Board in coordinating and implementing economic policy. There are many departments and agencies within the Executive Branch which are directly or indirectly concerned with economic policies. Since these departments and agencies represent a wide range of economic interests, it is important that the staff responsible for coordinating the inputs to and outputs from the Economic Policy Board be independent from any single agency. In this way, all views regarding both domestic and international issues will be incorporated into the decision-making process in an orderly manner.

The Board will be responsible for ensuring adequate coordination among existing and proposed committees relating to economic policy. This includes the Council on Wage and Price Stability, the National Commission on Productivity and Work Quality, the National Advisory Council on International Monetary and Financial Policies, and the East-West Foreign Trade Board.

Since the Economic Policy Board will be responsible for providing advice to the President concerning both national and international economic policy, the Council on International Economic Policy will be abolished. This action should not be considered to be a deemphasis of international economic policy. On the contrary, changing economic conditions and the greater internationalization of our economy require a closer coordination between our domestic and international economic policies. The Council's staff and resources will be transferred to the Economic Policy Board effective on the date of enactment of this legislation. It is anticipated that the total White House resources allocated to the Board will be about the same as are presently devoted to economic policy matters.

I urge the Congress to act promptly in passing this legislation. No greater problems face this nation today than those involving economic policy. It is vitally important that the resources of the Federal Government be channeled in the most efficient way possible, and this legislation will help to accomplish that goal.

A BILL

To establish the President's Economic Policy Board, and for other purposes.

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Economic Policy Board Act of 1975."

Sec. 2. There is hereby established the President's Economic Policy Board (hereinafter in this chapter referred to as the "Board").

Sec. 3. Subject to the direction of the President, and in addition to performing such other functions as he may direct, the Board shall oversee the formulation, coordination, and implementation of all economic policy of the United States, serve as the focal point for economic policy decision-making, and make such reports and give such advice to the President as it deems appropriate or as the President may require.

Sec. 4. The Board shall be composed of the following members and such additional members as the President may designate:

(1) The President.

(2) The Vice President.

(3) The Assistant to the President for Economic Affairs.

(4) The Secretary of State.

(5) The Secretary of the Treasury.

(6) The Secretary of Defense.

(7) The Secretary of the Interior.

(8) The Secretary of Agriculture.

(9) The Secretary of Commerce.

(10) The Secretary of Labor.

(11) The Secretary of Health, Education, and Welfare.

(12) The Secretary of Housing and Urban Development.

(13) The Secretary of Transportation.

(14) The Director of the Office of Management and Budget.

(15) The Chairman of the Council of Economic Advisers.

(16) The Special Representative for Trade Negotiations.

The President shall preside over meetings of the Board: Provided, That in his absence he may designate a member of the Board to preside in his place.

Sec. 5. (a) The staff of the Board shall be headed by an Executive Director who shall be appointed by the President. The Executive Director shall be compensated at the rate now or hereafter provided for level II of the Executive Schedule (5 U.S.C. 5313).

(b)(1) The Executive Director may appoint and fix the compensation of such staff personnel as he deems necessary. The staff of the Board shall be appointed and compensated without regard to the provisions of law regulating the employment and compensation of persons in the Government service: Provided, That, except for the officers provided for in paragraph (2) and for not to exceed 10 persons who may receive compensation not in excess of the rate now or hereafter provided for GS-18, no staff personnel shall receive compensation in excess of the rate now or hereafter provided for GS-15.

(2) The Executive Director may appoint and fix the compensation of two officers at a rate of basic compensation not to exceed the rate provided for level III of the Federal Executive Salary Schedule, and appoint and fix the compensation of four officers at rates of basic compensation not to exceed the rate provided for level V of the Federal Executive Salary Schedule.

(c) The Executive Director may procure temporary and intermittent servicesto the same extent as is authorized by section 3100 of title 5, United States Code, at rates not to exceed the daily equivalent of the rate provided for GS-18.

(d) Upon request of the Executive Director, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of its personnel to the Board to assist it in carrying out its duties under this title.

(e) The Executive Director may enter into and perform contracts, cooperative agreements, or other similar transactions with any public agency or instrumentality or with any person, firm, association, corporation, or institution.

Sec. 6. The Council on International Economic Policy is hereby abolished. The International Economic Policy Act of 1972, as amended (22 U.S.C. 2841-2849), is hereby repealed.

Sec. 7. The records, property, personnel, and unexpended balances of appropriations, authorizations, allocations and other funds held, used, arising from, available to, or to be made available to the Council on International Economic Policy, are hereby transferred to the Economic Policy Board.

Sec. 8. For the purpose of carrying out the provisions of this title, there are authorized to be appropriated such sums as may be necessary.

THE WHITE HOUSE

WASHINGTON

February 12, 1975

MEMORANDUM FOR: PHILIP W. BUCHEN
L. WILLIAM SEIDMAN

THRU: JOHN O. MARSH
MAX L. FRIEDERSDORF
VERN LOEN VL

FROM: DOUGLAS P. BENNETT DPB

SUBJECT: Feasibility of Seeking a Statutory Economic Policy Board (EPB)

This memorandum is not intended to analyze the merits or demerits of such a policy decision but to shed some light on possible congressional reaction should the decision be made to seek statutory authority for the Economic Policy Board (EPB) in conjunction with a merger of the Council on International Economic Policy (CIEP).

Legislative History

The EPB was created by Executive Order on October 1, 1974. CIEP was established by Executive Order in 1971 with statutory authority provided August 29, 1972 under the International Economic Policy Act of 1972. The original legislation was jointly considered by the Senate Banking, Housing and Urban Affairs Committee and the Senate Foreign Relations Committee and by the House Banking and Currency Committee. It should be noted that the committee chairmen involved were Senator Sparkman (Banking), Senator Fulbright (Foreign Relations) and Representative Patman (Banking). Both House and Senate conferees were appointed from the respective Banking Committees.

In addition to creating this Council by statute and delineating its functions, the Congress required an annual report to be transmitted to the Congress at approximately the same time as the report of the Council of Economic Advisors (CEA) and required "keeping fully and currently informed the banking committees and the foreign policy committees of the Senate and the House of Representatives, as well as the Joint Economic Committee". The move to require Senate confirmation of the Council's Executive Director was defeated in the Senate Banking Committee by a vote of 9 to 5. Statutory authority for the CIEP was to expire June 30, 1973 subject to extension by the Congress.

Apparently, enactment of this statute was not inspired by strong Congressional motivation but was rather the fruit of untiring and diligent efforts on the part of Peter Flannigan and was agreed to by the Congress at the Administration's request. Confirmation of the Executive Director was not included primarily as a favor to Mr. Flannigan although Senator Mondale was most anxious to include this provision in the basic law.

In 1973 the Congress adopted various amendments to the International Economic Policy Act of 1972. The two major provisions were as follows:

(1) Extended the expiration date of the Council from June 30, 1973 to June 30, 1977; and

(2) Appointment of the Executive Director of the Council other than the incumbent (Peter Flannigan) was made subject to Senate confirmation.

Anticipated Congressional Response

To accomplish merger of the CIEP into a statutorily authorized EPB requires two legislative steps:

(1) Abolution of the CIEP statutory authority; and

(2) Statutory creation of the EPB with transfer of CIEP functions to the EPB.

Congressional approval of this merger proposal will not be without difficulty and, in this regard, I believe we should be cognizant of the following:

(1) Repeal of the statute authorizing the CIEP will probably be jointly considered by banking and foreign policy committees of both Houses and, additionally, would be carefully scrutinized by the Joint Economic Committee. Particular attention should be given to the fact that the banking committees have new chairmen. Chairman Reuss of the House Banking and Currency Committee is generally considered to be a reasonably able economist with his greatest interest and expertise in the field of international economics. As a result, we could expect substantial opposition from him. On the other hand, Chairman Proxmire has greater interest in domestic economics and might favor such a merger and the "elevation" of the domestic side (although he understands the interrelation of domestic and international economic policy). Nevertheless, I suspect both committees would perceive this as a downgrading of accent on international economic policy. This would clearly be the view of the House and Senate Foreign Policy committees. Considerable opposition could emanate as a result of this perception.

(2) The role of the Special Trade Representative with respect to the newly created EPB/CIEP would need to be carefully distinguished in light of the recent elevation of the STR to cabinet rank. Chairman Long of the Senate Finance Committee would be particularly disturbed if in any way the STR's responsibilities were diluted. This could prompt jurisdictional involvement of the Senate Finance and House Ways and Means Committees.

(3) Most assuredly Senate confirmation would be required of the Executive Director thereby exacting a promise from the nominee that he will freely and willingly testify before the Congress. Given the state of the world economy and the problems here at home and the extensive politicizing of this issue, the Executive Director would be resolved to extensive congressional testimony and a deluge of written inquiries from the Hill. The congressional demands on his time would be substantial thus possibly diluting his ability to directly serve the President.

(4) In all likelihood the Congress would mandate frequent receipt of information both of a confidential nature as well as formal reports. This would impede the sensitive nature of his responsibilities with respect to the President.

(5) The Congress during consideration of the legislation may redefine responsibilities and purposes of the EPB in such a manner that the President's intent is substantially changed.

Conclusion

Congressional approval of the statutory authority sought could, I am confident, be obtained but there would be a price in the form of exacting numerous promises which may be unacceptable or have the effect of overburdening the Executive Director and impairing his ability to serve the President. I also caution against the extensive use of personnel "on loan" from other congressional appropriated organizations. There is the risk of attracting the attention of Congress thereby subjecting the President to criticism and overzealous scrutiny of the White House budget.

Jay has read and noted changes.

COUNCIL ON INTERNATIONAL ECONOMIC POLICY
WASHINGTON, D.C. 20500

February 4, 1975

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The proposed legislation provides that the Board will oversee the formulation, coordination, and implementation of all economic policy of the United States, serve as the focal point for economic policy decision-making, and make such reports and give such advice to the President as it deems appropriate or as the President may require.

The Board will consist of the President; the Vice President; the Assistant to the President for Economic Affairs; the Secretary of State; the Secretary of the Treasury; the Secretary of Defense; the Secretary of the Interior; the Secretary of Agriculture; the Secretary of Commerce; the Secretary of Labor; the Secretary of Health, Education, and Welfare; the Secretary of Housing and Urban Development; the Secretary of Transportation; the Director of the Office of Management and Budget; the Chairman of the Council of Economic Advisers; and the Special Representative for Trade Negotiations.

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Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Economic Policy Board Act of 1975."

Sec. 2. There is hereby established the President's Economic Policy Board (hereinafter in this chapter referred to as the "Board").

Sec. 3. Subject to the direction of the President, and in addition to performing such other functions as he may direct, the Board shall oversee the formulation, coordination, and implementation of all economic policy of the United States, serve as the focal point for economic policy decision-making, and make such reports and give such advice to the President as it deems appropriate or as the President may require.

Sec. 4. The Board shall be composed of the following members and such additional members as the President may from time to time designate:

(1) The President.

(2) The Vice President.

(3) The Assistant to the President for Economic Affairs.

(4) The Secretary of State.

(5) The Secretary of the Treasury.

(6) The Secretary of Defense.

(7) The Secretary of the Interior.

(8) The Secretary of Agriculture.

(9) The Secretary of Commerce.

(10) The Secretary of Labor.

(11) The Secretary of Health, Education, and Welfare.

(12) The Secretary of Housing and Urban Development.

(13) The Secretary of Transportation.

(14) The Director of the Office of Management and Budget.

(15) The Chairman of the Council of Economic Advisers.

(16) The Special Representative for Trade Negotiations.

The President shall preside over meetings of the Board: Provided, That in his absence he may designate a member of the Board to preside in his place.

Sec. 5. (a) The staff of the Board shall be headed by an Executive Director who shall be appointed by the President. The Executive Director shall be compensated at the rate now or hereafter provided for level II of the Federal Executive Salary Schedule (5 U.S.C. 5313).

(b)(1) The Executive Director may appoint and fix the compensation of such staff personnel as he deems necessary. The staff of the Board shall be appointed and compensated without regard to the provisions of law regulating the employment and compensation of persons in the Government service: Provided, That, except for the officers provided for in paragraph (2) and for not to exceed 10 persons who may receive compensation not in excess of the rate now or hereafter provided for GS-18, no staff personnel shall receive compensation in excess of the rate now or hereafter provided for GS-15.

(2) The Executive Director may appoint and fix the compensation of two officers at a rate of basic compensation not to exceed the rate provided for level III of the Federal Executive Salary Schedule, and appoint and fix the compensation of four officers at rates of basic compensation not to exceed the rate provided for level V of the Federal Executive Salary Schedule.

(c) The Executive Director may procure temporary and intermittent servicesto the same extent as is authorized by section 3100 of title 5, United States Code, at rates not to exceed the daily equivalent of the rate provided for GS-18.

(d) Upon request of the Executive Director, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of its personnel to the Board to assist it in carrying out its duties under this title.

on a non-reimbursable ✓

(e) The Executive Director may enter into and perform contracts, cooperative agreements, or other similar transactions with any public agency or instrumentality or with any person, firm, association, corporation, or institution.

Sec. 6. The Council on International Economic Policy is hereby abolished. The International Economic Policy Act of 1972, as amended (22 U.S.C. 2841-2849), is hereby repealed.

Sec. 7. The records, property, personnel, and unexpended balances of appropriations, authorizations, allocations and other funds held, used, arising from, available to, or to be made available to the Council on International Economic Policy, are hereby transferred to the Economic Policy Board.

Sec. 8. For the purpose of carrying out the provisions of this title, there are authorized to be appropriated such sums as may be necessary.

CIEP
file

THE WHITE HOUSE

WASHINGTON

May 19, 1975

MEMORANDUM FOR: Samuel R. Rosenblatt
Assistant Director
Council on International
Economic Policy

FROM: Dudley Chapman DC
Associate Counsel

SUBJECT: Tariff-Rate Quotas on Brooms of Broomcorn

This office has no objection to the recommendation contained in your memorandum of May 8, 1975.

cc: Philip Buchen

CIEP

THE WHITE HOUSE

WASHINGTON

August 26, 1975

Dear Bruce:

Many thanks for your letter of August 19, concerning the proposal for exchange of American grain for Soviet oil. The concept is an extremely interesting one, and should be explored at length.

I've turned this information over to Mike Dunn, Acting Executive Director of our Council of International Economic Policy here at the White House. CIEP has the responsibility for coordinating matters such as these with the various agencies affected, including State, the Federal Energy Administration, and the Commerce Department.

I will be back to you with comments after we've had a chance to review Mr. Lindh's concept.

Sincerely,

Phil

Philip W. Buchen
Counsel to the President

Mr. Bruce G. Sundlun
Sundlun, Tirana & Scher
Watergate 600 Building
Washington, D. C. 20037

Sundlun, Tirana & Scher
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BRUCE G. SUNDLUN
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August 18, 1975

Mr. Philip W. Buchen
Counsellor to the President
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Phil:

Following up on our telephone conversation concerning the possibility of exchanging American grains for Soviet oil, there is enclosed a copy of a letter from David E.P.Lindh, a personal friend, that sets out the argument in detail. Mr. Lindh is an expert in metals and ores, and was one of those considered by the administration for appointment to the new Commodity Board.

For your information, at the COMSAT Director's Dinner last week, the subject came up for discussion among Leo Welch, former Chairman of Standard Oil of New Jersey, Rudy Petersen, form President of The Bank of America, George Meany, and John Place, Chairman of Anaconda, and all of them acknowledged the usefulness, simplicity, and practical effect of exchanging grains for oil under present conditions.

I trust that after you have had a chance to review Mr. Lindh's letter, you will see to it that it gets referred to someone in the administration who is in a position to directly evaluate the idea.

Best personal wishes.

Sincerely,

Bruce G. Sundlun

encl:

Gulf International Trading Company

METALS AND ORES

David E. P. Lindh
VICE PRESIDENT AND
GENERAL MANAGER

1290 Avenue of the Americas
New York, N.Y. 10019

August 15, 1975

Mr. Bruce G. Sundlun
Executive Jet Aviation, Inc.
P. O. Box 19707
Columbus, Ohio 43219

Dear Bruce:

In line with our brief chat on Sunday concerning the relationship between oil and grain, I checked a few figures. In August of 1972, wheat was selling at $1.80 per bushel; corn $1.27; soybeans $3.60. At the same time, Arabian oil was selling at, roughly, $2.50 per barrel and domestic at $3.00. Using these figures, you can see that two bushels of wheat would certainly have purchased one barrel of domestic crude; two bushels of corn, a barrel of Arabian crude; a bushel of beans would have purchased a barrel plus. Today, the prices on wheat, corn, and beans are as follows: wheat $4.06; corn $3.15; beans $6.00. On the other hand, the price of Arabian crude is over $10.50 and domestic crude $12.00.

It is my contention that the ratio between oil and the grains should not have changed as drastically as it has, particularly when oil is in surplus and the grains are in deficit. With this in mind, when one is selling the grains into the export market, particularly to the Soviet Union, I feel that a barter transaction should be arranged. My suggestion is that the barter be based on a ratio established, using pre-October prices, when, as you will recall, both grain and oil were in surplus.

To simplify the handling of this barter, it should be done on a government-to-government basis, meaning that the Soviet Union could enter the American market through private traders to buy grain; however, the payments for this grain would be made to the U.S. Government on the basis of the fixed ratio. At the same time, the Government would pay the grain dealer the dollar price at which the grain was actually purchased. The Government would then take the oil received in barter from the Soviet Union and sell it to public utilities at cost. The utilities would then either sell it to the oil companies at full market price or enter into tolling agreements with the oil companies to obtain refined products reflecting the lower

Gulf

priced feed stocks. This saving would then be passed on in lower costs for power, particularly to private consumers.

The beauty of this plan is that it would not lower grain prices and, therefore, incur the justified wrath of American agriculture. It would produce cheaper power and it would favorably affect our balance of payments. Finally, it could be easily administered by using the existing machinery of the Department of Agriculture and the Federal Energy Administration. As the profits from the transactions go to the small consumer, the program would not raise Congressional displeasure. As the domestic price of crude oil would remain high, the program would continue to encourage greater exploration and production efforts in this country.

I have enclosed a copy of an article in the Wall Street Journal outlining the Russian oil situation. If, as the article suggests, the Soviet is having trouble boosting its production, the above barter concept could be coupled with technical assistance protocols such as the ones that have recently been signed by Gulf. I think the outstanding point in this article is that the Soviet are selling over 880,000 B/D into the Western market and that the Russians depend on these sales to earn hard currency to buy Western technology and food. I don't feel that the U.S. should allow the OPEC nations to subsidize the Russian breadlines.

I know that you will think this over and if you find it has merit, see that it comes to the eyes of the appropriate parties.

Look forward to seeing you over the 23rd.

Best regards,

David

David E. P. Lindh

DEPL/C
Enclosure