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THE WHITE HOUSE

WASHINGTON

September 18, 1974

MEMORANDUM FOR: THE PRESIDENT
FROM: KENNETH RUSH *K. R.*
Subject: Coordination of Economic Policy



As you requested, I am outlining below the scope of my present duties and my recommendations as to how economic affairs should be coordinated in the future.

I. Present Duties

My duties as Counsellor to the President for Economic Policy were outlined in an Economic Decision Memorandum of President Nixon, dated June 17, 1974, a copy of which is attached at Tab A. The memorandum stated that the Counsellor would be the President's primary adviser for and the coordinator of foreign and domestic economic policy. He would also sit on the National Security Council. In the performance of this broad function as primary adviser and coordinator, the following specific duties might be mentioned:

The Counsellor was designated as the principal economic spokesman for the Administration. At the time of creation of the position there were many conflicting statements from various high economic advisers of the President which were causing considerable confusion and uncertainty in financial, business, and other circles. The President considered it essential that the Administration speak with one voice as much as possible, and he felt that this should be done from the White House.

The Counsellor also reviews and, in advance of delivery, coordinates economic speeches, statements, messages, and press releases.

The Counsellor chairs the daily meeting of economic advisers, consisting of the Secretary of the Treasury, the Director of OMB, the Administrator of the Federal Energy Administration, the Chairman of the Council of Economic Advisers, and the Executive Director of CIEP. Mr. Seidman also now sits with this group.

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At these meetings, the entire range of economic trends and policies is considered, information exchanges take place, actions with regard to Congressional testimony and similar items are coordinated, and some decisions not requiring Presidential action are made. Certain actions are initiated, such as the establishment of the early warning system with a weekly business conditions report prepared by Commerce, showing current price developments, price indicators, short supply situations, labor developments, industry highlights, and business indicators. A similar report was initiated with regard to food and is prepared by Agriculture.

The Counsellor chairs meetings of the Triad and the Quadriad.

The Counsellor chairs certain committees to resolve inter-agency issues and differences and to make policy recommendations to the President. These committees are: the Committee on East-West Trade Policy, the Council on International Economic Policy, and the Food Committee.

The Counsellor also chairs certain action committees. Among these are the Council on Wage and Price Stability, the Commission on Productivity and Work Quality (when reorganized), and an inter-agency group that has been organized in my office for the purpose of improving efficiency within the Government. In addition, the Counsellor presides at numerous ad hoc meetings called for particular purposes with one or more departments. He meets frequently with foreign government officials and with economists and leaders of industry and finance.

The Counsellor also coordinates the agenda, briefing materials, and preparatory work for Presidential meetings with economic advisers and for various other meetings.

II. Recommendations

During the period that I have been acting as Counsellor it has become increasingly apparent to me that, since all agencies of the Government are in varying degrees involved in some aspects of the economy, in-depth coordination of economic policy is essential. This should be done in a climate where the interested bureaus wish to cooperate fully rather than in one where each Department attempts to sell or to impose upon other Departments its point of view. In order to secure the needed cooperation, it is very important not only that the coordinator be impartial

but also that the interested Departments believe that such is the case.

With regard to the method of coordination, the President can do it himself, but obviously the President does not have time for this. Accordingly, it must be done either by the head of a Cabinet Department, namely, the Secretary of the Treasury, or by a coordinator who works solely in the White House for the President. I should like to discuss the relative advantages and disadvantages of each method.

(A) The advantage of the Secretary of the Treasury being the coordinator is that he brings to the position great prestige by virtue of his Cabinet post and has as his base a powerful and efficient staff in the Treasury. The grave disadvantages are that the Secretary of the Treasury thereby acquires super-Cabinet status and in essence coordinates not only other Cabinet officers but also various Departments in the White House itself, including the head of OMB and the Chairman of the Council of Economic Advisers. Impartiality does not exist, since for all practical purposes other Departments feel that it is the Treasury itself which is doing the coordination and the Treasury's point of view which prevails. The Treasury bureaucracy, in turn, has status over other bureaucracies and resentment and friction develop throughout the respective Departments. It must be emphasized that the Treasury is itself involved in practically every economic issue and is very vigorous in attempting to have its point of view prevail.

In addition, the position of Secretary of the Treasury in itself requires the full time of its occupant. Not only does he have the myriad domestic responsibilities inherent in the post but he also must deal with Finance Ministers of other countries, participate in meetings of the IMF and other groups, and otherwise be an important international figure with frequent trips outside this country. The result is that much of the time the Secretary is not available for proper coordination of economic policy, which consequently suffers.

(B) In my opinion, the coordinator of economic policy should devote full time to that post and should work solely for the President. The coordinator's job should be not to make or implement policy but to ensure that policy is made at the proper level and only after full input by all who should be involved, and to ensure that policy decisions are properly implemented.

I do not think he should be the chief economic spokesman. The President should perform that function or should, in particular instances, delegate authority to a designated Cabinet member or other official to be his spokesman. The coordinator should, however, in my opinion, perform the other tasks mentioned above that are now performed by the Counsellor to the President, except possibly occupying the chairmanship of some of the Cabinet-level Committees referred to above. For example, it might be that the East-West Trade Committee or CIEP would be chaired by the Vice President. I do think that the coordinator should chair all of the action committees, such as the Council on Wage and Price Stability.

If this method is chosen, I would strongly recommend that Mr. William Seidman be selected for the post of coordinator. During my weeks of working with him I have developed a deep admiration for his great abilities as an organizer, his skill in settling differences, his diligence, his fair-mindedness, and his integrity. He is well liked by the economic advisers and, in my opinion, would be well accepted and would perform excellently.