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APPROVED
AUG 9 - 1975

ACTION

THE WHITE HOUSE
WASHINGTON

Last Day: August 13

August 8, 1975

Postal (Vand. Col.)
8/11
To Archives
8/12

MEMORANDUM FOR THE PRESIDENT
FROM: JIM CANNON
SUBJECT: H.R. 5884 - Council on International Economic Policy Appropriations Authorization

Attached for your consideration is H.R. 5884, sponsored by Representative Nix, which:

- Amends CIEP's authorizing legislation to permit the Council to appoint and compensate its staff without regard to the general laws governing Federal employment.
- extends the life of CIEP from June 30, 1977 to September 30, 1977, consistent with the change in the fiscal years under the Congressional Budget Act of 1974.
- authorizes appropriations for CIEP of \$1,657,000 for FY 76 and \$1,670,000 for FY 77.

Additional information is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Bill Seidman, Max Friedersdorf, NSC, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 5884 at Tab B.



APPROVED
AUG 9 - 1975



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 7 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 5884 - Council on International
Economic Policy (CIEP) appropriations authorization,
fiscal years 1976 and 1977
Sponsor - Rep. Nix (D) Pennsylvania

Last Day for Action

August 13, 1975 - Wednesday

Purpose

Authorizes appropriations of \$1,657,000 for the CIEP in fiscal 1976 and \$1,670,000 in fiscal 1977, extends the life of the Council from June 30, 1977, to September 30, 1977, and exempts the CIEP from the general laws regulating Federal employment.

Agency Recommendations

Office of Management and Budget	Approval
Council on International Economic Policy	Approval
Department of the Treasury	Approval
Civil Service Commission	Approval
Department of State	No objection

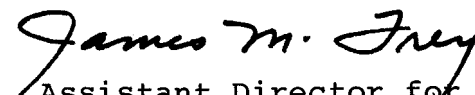
Discussion

The enrolled bill is identical to a draft Administration proposal transmitted to the Congress earlier this year. It provides 2-year appropriations authority for the CIEP consistent with the provisions of the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344). Amounts authorized for appropriation are \$1,657,000 for fiscal 1976 and \$1,670,000 for fiscal 1977. The bill contemplates that

appropriations authorization for the Council during the transition period between fiscal years 1976 and 1977 (July 1, 1976 - September 30, 1976) will be provided in general legislation the Administration has requested for this purpose.

The bill also extends the life of the Council from June 30, 1977, to September 30, 1977, thus conforming the termination of the Council's authority to the new fiscal year established by the 1974 Budget Act.

Finally, the enrolled bill amends the CIEP's basic authorizing legislation to permit the Council to appoint and compensate its staff without regard to the general laws governing Federal employment. Recognizing the temporary nature of the CIEP and its need for administrative flexibility to meet rapidly changing problems on which it must advise the President, Congress previously has included identical exemptions from these laws in annual appropriation acts for the Council. Last year, however, during consideration of the CIEP's fiscal 1975 appropriation bill, the conference committee recommended that such exemptions no longer be carried in appropriations bills because such provisions are more appropriate in basic authorizing legislation and may be subject to a "point of order" in annual appropriations bills.


Assistant Director for
Legislative Reference

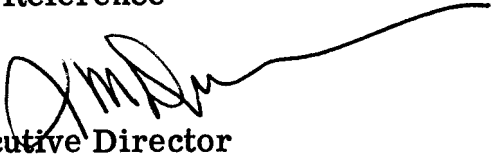
Enclosures

MEMORANDUM

COUNCIL ON INTERNATIONAL ECONOMIC POLICY

August 4, 1975

FOR: James M. Frey
Assistant Director for
Legislative Reference
O M B

FROM: J. M. Dunn 
Acting Executive Director

SUBJECT: Enrolled Bill Request on CIEP Authorization, HR 5884

This legislation is identical to the bill transmitted to the Speaker of the House of Representatives and the President of the Senate on March 20, 1975. Therefore, we strongly recommend that it be signed into law by the President.

Under the International Economic Policy Act, the Council advises the President on international economic issues, provides a focal point for coordinating the activities of the appropriate departments and agencies of the United States for the purpose of achieving a consistent international economic policy, makes recommendations to the President for programs which promote consistency between international and domestic economic policy, and drafts the annual International Economic Report of the President.

The Council is composed of key cabinet level and Executive Office officials, including the Secretaries of State, Treasury, Defense, Agriculture, Commerce, Labor, and Transportation; the Director of the Office of Management and Budget; the Chairman of the Council of Economic Advisers; the Special Representative for Trade Negotiations; the Assistant to the President for Economic Affairs; and the Executive Director of the Council on International Economic Policy. The Secretary of the Treasury is the Chairman of the Council, and the Assistant to the President for Economic Affairs is the Deputy Chairman.

HR 5884 consists of three sections:

Section 1 is an amendment to the International Economic Policy Act which will permit CIEP to continue to appoint and compensate its staff without regard to the provisions of law regulating the employment and compensation of persons in the Government Service. Language to that effect has been included in each act making appropriations for CIEP operations since its statutory establishment. Because such language is more appropriate in basic authorizing legislation and may be subject to a "point of order" in annual appropriation bills, the conference committee on CIEP's 1975 appropriation bill recommended that the language no longer be carried in such bills.

From the start it has been recognized that CIEP is a small, temporary agency that needs the administrative flexibility to adapt its organization and staffing to meet rapidly changing problems on which it must advise the President. The Council needs to be able to employ personnel expeditiously from in or out of government and should avoid building a permanent career structure. For those reasons, the exemption from general laws on appointment and compensation were included in the annual appropriation bills. This legislation simply moves the relevant language from those bills to the basic authorizing act.

Section 2 of the legislation extends CIEP's basic authority from June 30, 1977, to September 30, 1977, consistent with the change in the fiscal years under the recently-enacted Congressional Budget Act of 1974 (P.L. 93-344).

Section 3 of the legislation authorizes appropriations of \$1,657,000 for the fiscal year ending June 30, 1976, and \$1,670,000 for the fiscal year ending September 30, 1977. These amounts are consistent with the President's 1976 Budget proposals.



UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

CHAIRMAN

August 5, 1975

Honorable James T. Lynn
Director, Office of Management and Budget
Washington, D.C. 20503

Attention: Assistant Director for
Legislative Reference

Dear Mr. Lynn:

This is in reply to your request for the views of the Civil Service Commission on enrolled H.R. 5884, "To authorize appropriations for carrying out the provisions of the International Economic Policy Act of 1972, as amended, and for other purposes."

Section 1 is the only provision of this legislation of concern to the Commission. It would permit the Council on International Economic Policy to employ and compensate staff without regard to the laws regulating employment and compensation in the Government service. It further provides that no more than eight employees shall be compensated above the rate for GS-15, and none of them will be compensated above the rate for GS-18.

In a report of January 30, 1975, to OMB on an identical provision in a draft bill, the Commission did not object to the exception from the appointment and compensation laws. This was on the basis that the Council is slated to go out of existence in 1977 and the fact that the Council has been operating an excepted personnel system since 1972 under appropriation act authorizations. We also had no objection to the proposed authority to compensate up to eight employees at supergrade levels.

Therefore, insofar as the personnel provisions are concerned, we recommend that the President sign enrolled H.R. 5884.

By direction of the Commission:

Sincerely yours,

Robert Hampton
Chairman



THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

AUG 5 1975

Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:

Reference is made to your request for the views of this Department on the enrolled enactment of H.R. 5884, "To authorize appropriations for carrying out the provisions of the International Economic Policy Act of 1972, as amended, and for other purposes."

The enrolled enactment would amend the International Economic Policy Act of 1972 to (1) extend the life of the Act to September 30, 1977; (2) provide a limited exemption from the provisions of the United States Code regulating the employment and compensation of persons in the Government service for staff of the Council on International Economic Policy; and (3) conform the 1977 fiscal year description in the legislation to that required by the Congressional Budget and Impoundment Control Act of 1974. (Public Law 93-344, section 501).

The Department recommends that the enrolled enactment be approved by the President.

Sincerely yours,

General Counsel



DEPARTMENT OF STATE

Washington, D.C. 20520

AUG 6 - 1975

Honorable James T. Lynn
Director Office of
Management and Budget
Washington, D.C.

Dear Mr. Lynn:

With regard to your request of August 1 concerning H.R. 5884, I can inform you that from the foreign relations standpoint, the Department of State has no objection to the approval of this enactment.

Sincerely,

A handwritten signature in black ink that reads "Robert J. McCloskey".

Robert J. McCloskey
Assistant Secretary
for Congressional Relations

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: August 7

Time: 500pm

FOR ACTION: Bill Seidman *sh*
Paul Leach *M*
Max Friedersdorf *M*
Ken Lazarus *sh*
NSC/S *M*

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: August 8

Time: noon

SUBJECT:

H.R. 5884 - CIEP appropriations authorization, FY 76 and 77

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: August 7

Time: 500pm

FOR ACTION: Bill Seidman
Paul Leach
Max Friedersdorf
Ken Lazarus
NSC/S

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: August 8

Time: noon

SUBJECT:

H.R. 5884 - CIEP appropriations authorization, FY 76 and 77

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*approval
JWS*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James B. Connaught

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: August 7

Time: 500pm

FOR ACTION: Bill Seidman
Paul Leach ✓
Max Friedersdorf
Ken Lazarus
NSC/S

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: August 8

Time: noon

SUBJECT:

H.R. 5884 - CIEP appropriations authorization, FY 76 and 77

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

8-7-75 OK PCZ - Call Judy

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James H. Beames
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: August 7

Time: 500pm

FOR ACTION: Bill Seidman
 Paul Leach
 Max Friedersdorf
 Ken Lazarus
 NSC/S

cc (for information): Jim Cavanaugh
 Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: August 8

Time: noon

SUBJECT:

H.R. 5884 - CIEP appropriations authorization, FY 76 and 77

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection -- Ken Lazarus 8/8/75

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James H. [unclear]
 [unclear]

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503



AUG 7 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 5884 - Council on International Economic Policy (CIEP) appropriations authorization, fiscal years 1976 and 1977
Sponsor - Rep. Nix (D) Pennsylvania

Last Day for Action

August 13, 1975 - Wednesday

Purpose

Authorizes appropriations of \$1,657,000 for the CIEP in fiscal 1976 and \$1,670,000 in fiscal 1977, extends the life of the Council from June 30, 1977, to September 30, 1977, and exempts the CIEP from the general laws regulating Federal employment.

Agency Recommendations

Office of Management and Budget	Approval
Council on International Economic Policy	Approval
Department of the Treasury	Approval
Civil Service Commission	Approval
Department of State	No objection

Discussion

The enrolled bill is identical to a draft Administration proposal transmitted to the Congress earlier this year. It provides 2-year appropriations authority for the CIEP consistent with the provisions of the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344). Amounts authorized for appropriation are \$1,657,000 for fiscal 1976 and \$1,670,000 for fiscal 1977. The bill contemplates that

To:
J. Conroy
8-7-75
3:30 p.m.

appropriations authorization for the Council during the transition period between fiscal years 1976 and 1977 (July 1, 1976 - September 30, 1976) will be provided in general legislation the Administration has requested for this purpose.

The bill also extends the life of the Council from June 30, 1977, to September 30, 1977, thus conforming the termination of the Council's authority to the new fiscal year established by the 1974 Budget Act.

Finally, the enrolled bill amends the CIEP's basic authorizing legislation to permit the Council to appoint and compensate its staff without regard to the general laws governing Federal employment. Recognizing the temporary nature of the CIEP and its need for administrative flexibility to meet rapidly changing problems on which it must advise the President, Congress previously has included identical exemptions from these laws in annual appropriation acts for the Council. Last year, however, during consideration of the CIEP's fiscal 1975 appropriation bill, the conference committee recommended that such exemptions no longer be carried in appropriations bills because such provisions are more appropriate in basic authorizing legislation and may be subject to a "point of order" in annual appropriations bills.

James M. Frey
Assistant Director for
Legislative Reference

Enclosures

NATIONAL SECURITY COUNCIL

August 8, 1975

MEMORANDUM FOR: JAMES CAVANAUGH
FROM: *for* Jeanne W. Davis *AMH*
SUBJECT: H. R. 5884 - CIEP Appropriations
Authorization, FY 76 and 77

The NSC Staff concurs in the proposed Enrolled Bill H. R. 5884 - CIEP appropriations authorization, FY 76 and 77.

THE WHITE HOUSE

WASHINGTON

August 8, 1975

MEMORANDUM FOR:

JIM CAVANAUGH

FROM:

MAX L. FRIEDERSDORF

SUBJECT:

H.R. 5884 - CIEP appropriations
authorization, FY 76 and 77

The Office of Legislative Affairs concurs with the agencies
that the subject bill be signed.

Attachments

AUTHORIZATION FOR COUNCIL ON INTERNATIONAL ECONOMIC POLICY

MAY 15, 1975.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. NIX, from the Committee on International Relations,
submitted the following

REPORT

[To accompany H.R. 5884]

The Committee on International Relations, to whom was referred the bill (H.R. 5884) to authorize appropriations for carrying out the provisions of the International Economic Policy Act of 1972, as amended, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purposes of H.R. 5884 are to authorize funds for the carrying out of the provisions of the International Economic Policy Act of 1972, to amend section 208 of the Act in order to provide an exemption from the provisions of the United States Code regulating the employment and compensation of persons in the Federal service, and to conform the 1977 fiscal year description in the legislation to that required by the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344, section 501).

COMMITTEE ACTION

Executive Communication 625 from the Acting Executive Director of the Council on International Economic Policy, transmitting draft legislation to authorize appropriations for carrying out the provisions of the International Economic Policy Act of 1972, as amended, was referred to the Committee on International Relations March 20, 1975. On March 26, 1975, the Executive Communication was referred to the Subcommittee on International Economic Policy for appropriate action. On April 10, 1975, the bill H.R. 5884 was introduced (by request) by the Chairman of the subcommittee, Hon. Robert N. C. Nix.

The Subcommittee held a public hearing on the bill April 15, 1975. Mr. J. M. Dunn, Acting Executive Director of the Council on International Economic Policy, testified as to the operations of the agency. At the conclusion of the testimony, H.R. 5884 was considered by the Subcommittee and approved, without amendment, for full Committee action.

The Committee on International Relations met in open session to consider the bill on May 8, 1975, and unanimously ordered it favorably reported to the House.

BACKGROUND

The Council on International Economic Policy (CIEP) was originally established by a Presidential Directive on January 10, 1971. The Council was given statutory authorization in the International Economic Policy Act of 1972, which received the President's signature on August 29, 1972 and is cited as Public Law 92-412. The agency is a temporary one and will expire under the terms of the statute at the end of fiscal year 1977.

Under the International Economic Policy Act, the Council advises the President on international economic issues, coordinates the activities of various departments and agencies as they relate to international economic policy, and drafts the Annual International Economic Report of the President to the Congress. It published its third report in March, 1975. The Council also prepares and publishes special reports, the most recent of which are the "Special Report on Critical Imported Materials" and "U.S. Government Data Collection Activities with Respect to Foreign Investment in the United States."

The Council is composed of the following members as designated by Section 205 of Public Law 92-412:

1. The Secretary of State.
2. The Secretary of the Treasury.
3. The Secretary of Defense.
4. The Secretary of Agriculture.
5. The Secretary of Commerce.
6. The Secretary of Labor.
7. The Secretary of Transportation.
8. The Director of the Office of Management and Budget.
9. The Chairman of the Council of Economic Advisors.
10. The Special Representative for Trade Negotiations.

The President may appoint additional members of the Council. He has appointed as Deputy Chairman Mr. L. William Siedman, who is the Assistant to the President for Economic Affairs. The Hon. William Simon, the Secretary of the Treasury, has been designated the Chairman of the Council by the President.

This bill provides a two year authorization rather than a one year authorization, for the sake of uniformity in the implementation of the Congressional Budget and Impoundment Control Act of 1974.

The increased costs for fiscal year 1976 over fiscal year 1975 of \$57,000 will cover anticipated personnel cost increases of \$15,000 and additional costs of \$42,000 for travel, space rental and the printing of the annual report. The additional increase of \$13,000 for fiscal year 1977 will cover anticipated space rental costs and increases in terminal leave payments for department personnel as authorized under Title 5 of the United States Code.

The staff is composed of approximately 45 persons, consisting of clerical help and of economic, legal and international affairs experts. In order to meet from time to time specific expertise needs, personnel are detailed from the Executive Branch to serve with the agency. The salaries of such persons are paid from the CIEP budget.

The agency is divided into four areas of responsibility: Group I is responsible for development issues; Group II deals with financial issues; Group III deals with industrial issues, raw materials, technology, nuclear energy, and trade; Group IV is responsible for domestic policy coordination.

COST ESTIMATE

Pursuant to clause 7 of Rule XIII of the House Rules, the Committee has examined the request submitted by the Administration to carry out the purposes of the International Economic Policy Act of 1972, as amended, and recommends the amounts requested by the Administration of \$1,657,000 in fiscal 1976 and \$1,670,000 in fiscal 1977.

Since the Act shall expire at the conclusion of the 1977 fiscal year, the Committee cannot predict whether or not additional authorizations will be necessary.

STATEMENTS REQUIRED BY RULE XI(1)(3)

Pursuant to the requirements of Rule XI(1)(3) of the Rules of the House of Representatives, the following statements are made:

(A) Oversight findings and recommendation. During the hearing on H.R. 5884, extensive oversight testimony was received on the structure and operations of CIEP. No oversight findings and recommendations are made at this time. Future hearings will be held on the operations of the Council on International Economic Policy by the Subcommittee on International Economic Policy of the Committee on International Relations.

(B) Congressional Budget Act section 308(a) requirement. This measure provides for no new budget authority.

(C) Congressional Budget Office estimate and comparison. No estimate and comparison prepared by the Director of the Congressional Budget Office under Section 403 of the Congressional Budget Act of 1974 has been received by the Committee.

(D) Committee on Government Operations summary. No oversight findings and recommendations have been received which relate to this measure from the Committee on Government Operations under clause 2(b)(2) of Rule X.

INFLATIONARY IMPACT STATEMENT

This program is one which is devoted to the improvement and study of the International Economic Policy of the United States. There is no specifically identifiable inflationary impact.

SECTION-BY-SECTION ANALYSIS

Section 1 of the bill provides an exemption from Civil Service statutes and regulations. Identical language has been included in each act

making appropriations for CIEP operations. Such language is more appropriate in authorizing legislation, and the conference committee on CIEP's fiscal year 1975 appropriation bill recommended that the language no longer be carried in appropriation bills.

The exemption is necessary because CIEP is a small, temporary agency that requires administrative flexibility to adapt its organization and staffing to meet rapidly changing problems. The Council must be able to employ personnel expeditiously from in or out of government and should avoid building a permanent career structure.

This amendment retains the numerical limitations on executive salary level positions (three) and on those compensated above the salary level of GS-15 (eight).

Section 2 of the bill amends Section 209 of the Act. It strikes out the words "June 30, 1977" and inserts in lieu thereof, "September 30, 1977," which will be the close of the new fiscal year 1977 as designated by Title III of the Congressional Budget and Impoundment Control Act of 1974. (This title provides that fiscal years will begin October 1, rather than July 1).

Section 3 of the bill increases the FY 1975 authorization of \$1,600,000 to \$1,657,000 for the fiscal year ending June 30, 1976 and \$1,670,000 for the fiscal year ending September 30, 1977. The authorization would increase CIEP's budget by a total of \$127,000 for the two fiscal years 1976 and 1977.

ADMINISTRATION POSITION

The Administration supports this legislation, as evidenced by testimony and Executive Communication 625. The text of the Executive communication from the Council on International Economic Policy follows:

MARCH 20, 1975.

HON. CARL ALBERT,
The Speaker, U.S. House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Enclosed for consideration by the Congress is proposed legislation regarding the Council on International Economic Policy.

Under the International Economic Policy Act, the Council advises the President on international economic issues, provides a focal point for coordinating the activities of the appropriate departments and agencies of the United States for the purpose of achieving a consistent international economic policy, makes recommendations to the President for programs which promote consistency between international and domestic economic policy, and draft the annual International Economic Report of the President.

The Council is composed of key cabinet level and Executive Office officials, including the Secretaries of State, Treasury, Defense, Agriculture, Commerce, Labor, and Transportation; the Director of the Office of Management and Budget; the Chairman of the Council of Economic Advisers; the Special Representative for Trade Negotiations; the Assistant to the President for Economic Affairs; and the Executive Director of the Council on International Economic Policy. The Secretary of the Treasury is the Chairman of the Council, and

the Assistant to the President for Economic Affairs is the Deputy Chairman.

The enclosed draft bill consists of three sections.

Section 1 is an amendment to the International Economic Policy Act which will permit CIEP to continue to appoint and compensate its staff without regard to the provisions of law regulating the employment and compensation of persons in the Government Service. Language to that effect has been included in each act making appropriations for CIEP operations since its statutory establishment. Because such language is more appropriate in basic authorizing legislation and may be subject to a "point of order" in annual appropriation bills, the conference committee on CIEP's 1975 appropriation bill recommended that the language no longer be carried in such bills.

From the start it has been recognized that CIEP is a small, temporary agency that needs the administrative flexibility to adapt its organization and staffing to meet rapidly changing problems on which it must advise the President. The Council needs to be able to employ personnel expeditiously from in or out of government and should avoid building a permanent career structure. For those reasons, the exemption from general laws on appointment and compensation were included in annual appropriation bills. This amendment proposes simply to move the relevant language from those bills to the basic authorizing act. It continues current numerical limitations on executive salary level positions and on those compensated above the salary level of GS-15.

Section 2 of the draft legislation extends CIEP's basic authority from June 30, 1977, to September 30, 1977, consistent with the change in the fiscal years under the recently enacted Congressional Budget Act of 1974 (P.L. 93-344).

Section 3 of the draft bill authorizes appropriations of \$1,657,000 for the fiscal year ending June 30, 1976, and \$1,670,000 for the fiscal year ending September 30, 1977. These amounts are consistent with the President's 1976 Budget proposals.

I am hopeful the Congress will be able to act expeditiously on this draft legislation. The Office of Management and Budget has advised that enactment of this proposed legislation would be in accord with the program of the President.

Sincerely,

J. M. DUNN, *Acting Executive Director.*

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

INTERNATIONAL ECONOMIC POLICY ACT OF 1972

* * * * *

EXECUTIVE DIRECTOR AND STAFF OF THE COUNCIL

SEC. 208. (a) The staff of the Council shall be headed by an Executive Director who shall be appointed by the President, and he shall be compensated at the rate now or hereafter provided for level II of the Executive Schedule (5 U.S.C. 5313). He shall keep the Committee on Banking, Housing and Urban Affairs of the Senate, the Committee on Banking and Currency of the House of Representatives, the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, the Committee on Finance of the Senate, the Committee on Ways and Means of the House of Representatives, and the Joint Economic Committee fully and currently informed regarding the activities of the Council.

(b)(1) With the approval of the Council, the Executive Director may appoint and fix the compensation of such staff personnel as he deems necessary. [Except as provided in paragraph (2), the staff of the Council shall be appointed subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.] *The staff of the Council 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 eight 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) With the approval of the Council, the Executive Director may appoint and fix the compensation of one officer at a rate of basic compensation not to exceed the rate provided for level IV of the Federal Executive Salary Schedule, and appoint and fix the compensation of two officers at rates of basic compensation not to exceed the rate provided for level V of the Federal Executive Salary Schedule.

(c) With the approval of the Council, the Executive Director may procure temporary and intermittent service to the same extent as is authorized by section 3109 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 Council to assist it in carrying out its duties under this title.

SEC. 209. The provisions of this title shall expire on [June 30, 1977] ~~September 30, 1977~~; unless extended by legislation enacted by the Congress.

AUTHORIZATION FOR APPROPRIATIONS

[SEC. 210. For the purpose of carrying out the provisions of this title, there is authorized to be appropriated \$1,800,000 for the fiscal year ending June 30, 1975.]

Sec. 210. For the purpose of carrying out the provisions of this title, there are authorized to be appropriated \$1,857,000 for fiscal year ending June 30, 1976, and \$1,670,000 for the fiscal year ending September 30, 1977.

INTERNATIONAL ECONOMIC POLICY
ACT OF 1972 AUTHORIZATIONS

REPORT
OF THE
COMMITTEE ON BANKING, HOUSING
AND URBAN AFFAIRS
UNITED STATES SENATE

TO ACCOMPANY

H.R. 5884



JULY 31, 1975.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

INTERNATIONAL ECONOMIC POLICY ACT OF 1972
AUTHORIZATIONS

JULY 31, 1975.—Ordered to be printed

Mr. STEVENSON, from the Committee on Banking, Housing and
Urban Affairs, submitted the following

REPORT

[To accompany H.R. 5884]

The Committee on Banking, Housing and Urban Affairs, to which were referred S. 1262 and H.R. 5884, identical bills to authorize appropriations for carrying out the provisions of the International Economic Policy Act of 1972, as amended, and for other purposes, having considered the same, reports favorably on H.R. 5884 without amendment and recommends that the same do pass.

HISTORY OF THE BILL

S. 1262 was introduced in the Senate at the request of the administration by Senators Proxmire, Stevenson, and Tower on March 20, 1975 and subsequently referred to the committee. The International Finance Subcommittee held hearings on the bill on June 16 and July 18, 1975 and thereafter agreed to report the bill favorably without amendment to the full committee for final action.

In an open executive session on July 29, 1975 the committee met to consider the legislation and agreed to report without amendment the companion measure, H.R. 5884, which had passed the House on July 9, 1975 and was then pending before the committee.

PURPOSE OF THE BILL

The purpose of the bill is to authorize appropriations for the Council on International Economic Policy ("CIEP") for fiscal years 1976 and 1977; to extend CIEP's underlying authority to September 30, 1977 in conformity with the new fiscal year arrangements prescribed by the Congressional Budget Act of 1974; to provide an exemption for CIEP from the provisions of the United States Code regulating the employment and compensation of persons in the Federal service; and to allow compensation in excess of the GS-15 level but not in excess of the GS-18 level for up to eight CIEP employees.

NEED FOR THE LEGISLATION

This legislation is needed in order to permit CIEP's continued operation. Its current funding authorization expired on June 30, 1975, and temporary funding is now being provided pursuant to a continuing resolution, Public Law 94-41.

CIEP was established by Executive order of the President in January of 1971 for the purpose of achieving greater executive branch coordination in the development and implementation of international economic policy. In August of 1972, Congress gave CIEP statutory base through June of 1973. In October of 1973, Congress extended CIEP's life to June 30, 1977.

CIEP is composed of the following plus such additional members as the President may designate:

1. Secretary of Treasury (current Chairman by appointment of President).
2. Secretary of State.
3. Secretary of Defense.
4. Secretary of Agriculture.
5. Secretary of Commerce.
6. Secretary of Labor.
7. Secretary of Transportation.
8. Director of OMB.
9. Chairman of the Council of Economic Advisors.
10. Special Representative for Trade Negotiations.
11. Assistant to the President for Economic Affairs (Member and Current Deputy Chairman by designation of the President).

The President designates the Chairman from among the members of the Council. He appoints the Executive Director by and with the advice and consent of the Senate.

Under the law, CIEP has a mandate to—
provide "a clear top level focus for the full range of international economic issues";

"deal with international economic policies including trade, investment, balance of payments, and finance as a coherent whole;"

provide "consistency between domestic and foreign economic policy;"

provide "close coordination with basic foreign policy objectives;"

"investigate problems with respect to the coordination, implementation, and long-range development of international economic policy;" and

"make appropriate findings and recommendations for the purpose of assisting in the development of a rational and orderly international economic policy within the United States."

In addition, CIEP is required to
"assist and advise the President in the preparation of the International Economic Report;"

"review the activities and policies of the U.S. Government . . . and, for the purpose of making recommendations to the President . . . consider with some degree of specificity the substance and scope of the international economic policy of the United States;"

"collect, analyze, and evaluate authoritative information . . . concerning international economic matters;"

"consider policies and programs for coordinating the activities of all the departments and agencies of the United States for the purpose of accomplishing a more consistent international economic policy, and make recommendations to the President in connection therewith;"

"continually assess the progress and effectiveness of Federal efforts to carry out a consistent international economic policy;" and

"make recommendations to the President for domestic and foreign programs which will promote a more consistent international economic policy on the part of the United States and private industry."

The International Economic Report, which CIEP helps prepare, is required by the law to contain

(1) "information and statistics describing characteristics of international economic activity and identifying significant current and foreseeable trends and developments;"

(2) "a review of the international economic program of the Federal Government and a review of domestic and foreign economic conditions and other significant matters affecting the balance of international payments;"

(3) "a review of . . . the foreign investments of United States-based trans-national firms, and the level of foreign wage rates on the level, stability, and financial reward for domestic employment;"

(4) "a comparative description and analysis of the following subject matter with respect to the United States, the European Community and principal countries within the European Community, Japan, and whenever applicable, the Union of Soviet Socialist Republics:

(a) research and development expenditures, and productivity and technological trends in major industrial and agricultural sectors;

(b) investment patterns in new plant and equipment;

(c) industrial manpower and training practices;

(d) tax incentives and other governmental financial assistance;

(e) export promotion practices;

(f) share of the export market, by area and industrial and agricultural sectors;

(g) environmental practices;

(h) antitrust practices; and

(i) long-range governmental economic planning programs, targets, and objectives;"

(5) "a review of the relationship between the U.S. Government and American private business with respect to "the matters listed immediately above;" and

(6) "a program for carrying out the policy objectives of [the act,] together with such recommendations for legislation as [the President] may deem necessary or desirable."

This is a broad mandate. It is an outgrowth of the recognized need for a comprehensive approach to international economic problems and for effective resolution of policy disputes within the executive branch in the international economic arena.

There is criticism, however, that CIEP has not fulfilled its intended role; that coordination of U.S. international economic policy is seriously deficient; that disputes between Treasury, State, Agriculture, Commerce, and other Government agencies are not effectively referred;

that decisions are often made without adequate consultation among the interested agencies of Government; that as a result there is inconsistency, indecisiveness, and a lack of U.S. initiative in international economic policy; that America's vast economic resources are not effectively mobilized; that major issues go unresolved for lack of effective leadership; and that to America's allies, to the world at large, and to U.S. businessmen attempting to make long-range plans, the United States presents a confused image.

Some of the witnesses at the International Finance Subcommittee's hearings suggested that CIEP should be abolished altogether. They point out that from July 1974 to March of 1975, CIEP held no formal sessions, that in 1974 as a whole, it met on only six occasions, and that it has been without a permanent executive director for the last 6 months. The recently released report of the Commission on the Organization of the Government for the Conduct of Foreign Policy, the so-called Murphy Commission, takes the same position and recommends transfer of CIEP staff to the National Security Council and the Domestic Council.

Others recommended that CIEP be restructured, by prohibiting the head of any executive department from acting as its chairman and making the President its chairman instead. (This was the situation prior to October of 1974 when Public Law 93-121 removed the statutory requirement that the President be CIEP's chairman.) It is unrealistic, it is argued, to expect department heads to submit their views to a body chaired by the head of another department with its own, possibly conflicting, interests and perspectives. Still others recommended the creation of a new Department of International Trade and Commerce, not necessarily in lieu of, but perhaps in addition to, CIEP to pursue U.S. foreign economic and commercial objectives.

Throughout the hearings, however, the futility of attempting to force a particular policy coordinating structure on the President was generally conceded. Every President has his own style of operation and will ultimately choose and utilize the structure which best suits his own personal needs.

This is illustrated by the President's creation of the Economic Policy Board ("EPB") in September of 1974. EPB largely overlaps CIEP both in structure and mission. Its chairman is the Secretary of the Treasury; its Executive Director, the Assistant to the President for Economic Affairs, is Deputy Chairman of CIEP; and all the members of CIEP, save the Secretary of Defense and the Special Trade Representative, are members of EPB.

EPB also has an executive committee whose Chairman, again, is the Secretary of the Treasury and whose Executive Director is the Assistant to the President for Economic Affairs. Its membership consists of the Secretary of the Treasury, the Secretary of State, the Assistant to the President for Economic Affairs, the Director of OMB, the Chairman of the Council of Economic Advisors, and the Executive Director of CIEP. The Chairman of the Federal Reserve Board is also invited to attend.

Under the Executive order establishing EPB, the Chairman of EPB acts as "the principal spokesman of the executive branch on matters of economic policy." In addition, under that Executive order, the Executive Director of EPB is responsible for "coordinating the implementation of economic policy and providing liaison with the Presidential staff and with other governmental authorities."

In addition, EPB is directed to "provide advice to the President on all aspects of national and international economic policy, . . . oversee the formulation, coordination, and implementation of all economic policy of the United States, and . . . serve as the focal point for economic policy decision-making." (Emphasis supplied). The executive committee of EPB meets daily.

The following chart (which includes the National Advisory Council on International Financial and Monetary Policy, ["NAC"] a body established by Executive order in 1966 to coordinate, *inter alia*, the policies of government agencies engaged in foreign financial and monetary transaction), shows the relationship among existing executive branch interdepartmental coordinating agencies in the international economic arena.

EXECUTIVE BRANCH INTERNATIONAL ECONOMIC POLICY COORDINATING GROUPS

	CIEP	EPB	EPB Executive Committee	NAC
Chairman	Treasury ¹	Treasury ¹	Treasury ¹	Treasury ¹
Deputy Chairman	Asst. to Pres. for Econ. Affairs. ¹	None	None	Asst. to Pres. for Econ. Affairs. ¹
Executive Director	Apptd. by Pres. subject to Conf. by Senate.	Asst. to Pres. for Econ. Affairs. ¹	Asst. to Pres. for Econ. Affairs. ¹	None.
Membership	Treasury ¹ Asst. to Pres. for Econ. Affairs. ¹ State ¹ Agriculture ¹ Commerce ¹ Labor ¹ Transportation ¹ OMB ¹ Chrm., CEA ¹ Exec. Dir., CIEP ¹ Defense STR	Treasury ¹ Asst. to Pres. for Econ. Affairs. ¹ State ¹ Agriculture ¹ Commerce ¹ Labor ¹ Transportation ¹ OMB ¹ Chrm., CEA ¹ Exec. Dir., CIEP ¹	Treasury ¹ Asst. to Pres. for Econ. Affairs. ¹ State ¹ Agriculture ¹ Commerce ¹ Labor ¹ Transportation ¹ OMB ¹ Chrm., CEA ¹ Exec. Dir., CIEP ¹	Treasury ¹ Asst. to Pres. for Econ. Affairs. ¹ State ¹ Commerce ¹ Chrm., Fed. Res. Bd. Pres. and Chrm., Ex-Im. Bank.

¹ Common membership.

² State added as of June 16, 1975.

It is contended, however, that despite the apparent overlap, CIEP, nonetheless, serves a useful separate function. Secretary of the Treasury Simon, in testimony before the International Finance Subcommittee, pointed out that CIEP's responsibility is confined to international economic policy whereas EPB has responsibility for both international and domestic policy. The Secretary, who is chairman of both EPB and CIEP, indicated that CIEP is called upon by EPB, contributes to EPB's work, and provides EPB with useful staff support.

Since EPB has neither an independent budget nor an independent staff, in practice it relies on CIEP for staff support. In essence, then, funding for CIEP is also funding for staff to serve EPB, the President's chosen instrument for coordinating both domestic and international economic policy.

In the committee's view, no purpose would be served by depriving the President of the staff resources needed for effective coordination. The need for enhanced coordination efforts is greater than ever before. The committee recommends passage of H.R. 5884 in recognition of that need and with the hope that CIEP will contribute to its fulfillment.

Already, there are signs of improvement. CIEP has been meeting more frequently. At the hearings, the State Department representative indicated that State would hereafter play a greater role in CIEP's deliberations and submit its views to CIEP for interdepartmental coordination to a greater extent than in the past. And Secretary of the Treasury Simon has indicated an intent to make greater use of CIEP.

The committee has every expectation of further improvement in the future. It sees evidence of an appreciation by the Executive Branch of the need for better international economic policy coordination and an enhanced role for CIEP. In this regard, appointment of a permanent executive director for CIEP would help. It is in anticipation of earnest efforts to achieve a comprehensive and coordinated approach to international economic policy that the committee recommends passage of H.R. 5884.

EXPLANATION OF THE BILL

Section 1 of the bill would provide an exemption for CIEP from the provisions of the United States Code regulating the employment and compensation of persons in the Federal service and allow compensation in excess of the GS-15 level, but not in excess of the GS-18 level, for up to eight CIEP employees.

The purpose of these provisions is to give CIEP flexibility in attracting and allocating personnel to meet rapidly the changing circumstances inherent in any coordinating function. Authority for compensation at super-grade levels is necessary because all existing super-grade positions in the executive branch have been allocated elsewhere.

In the past, both provisions have been included in CIEP's appropriations legislation, but the Appropriations Committees have recommended that the matter be handled by the authorizing committees.

Section 2 of the bill would extend CIEP's underlying authority to September 30, 1977 in conformity with the new fiscal year arrangements prescribed by the Congressional Budget Act of 1974.

Section 3 of the bill would authorize \$1.650 million for CIEP for fiscal 1976 and \$1.670 million for fiscal 1977. Last year, Congress authorized \$1.8 million—and appropriated \$1.6 million—for fiscal 1975.

The authorization on an annual basis is, therefore, *down* from what Congress authorized—and only *slightly up* from what it appropriated—for fiscal 1975.

Such funds would permit a total permanent staff (excluding personnel detailed from other agencies) of 30, down from 31 for fiscal 1975.

FISCAL IMPACT STATEMENT

In accordance with section 252(a) of the Legislative Reorganization Act of 1970, the committee provides the following estimate of the maximum cost of this measure:

Fiscal year 1976.....	\$1.650 million
Fiscal year 1977.....	\$1.670 million

CHANGES IN EXISTING LAW

In the opinion of the Committee, it is necessary to dispense with the requirements of subsection 4 of Rule XXIX of the Standing Rules of the Senate in order to expedite the business of the Senate.

Ninety-fourth Congress of the United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday, the fourteenth day of January,
one thousand nine hundred and seventy-five*

An Act

To authorize appropriations for carrying out the provisions of the International Economic Policy Act of 1972, as amended, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 208 of the International Economic Policy Act of 1972 is amended by striking out the second sentence of paragraph (b)(1) and inserting in lieu thereof the following: "The staff of the Council 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 eight 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."*

SEC. 2. Section 209 of the International Economic Policy Act of 1972, as amended, is further amended by striking out "June 30, 1977" and inserting in lieu thereof "September 30, 1977".

SEC. 3. Section 210 of the International Economic Policy Act of 1972, as amended, is further amended by striking out said section and inserting in lieu thereof the following:

"SEC. 210. For the purpose of carrying out the provisions of this title, there are authorized to be appropriated \$1,657,000 for fiscal year ending June 30, 1976, and \$1,670,000 for the fiscal year ending September 30, 1977."

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

August 1, 1975

Dear Mr. Director:

The following bills were received at the White House on August 1st:

H.R. 2559 ✓
H.R. 5884 ✓
H.R. 8564 ✓
H.R. 8597 ✓
H.R. 8714 ✓

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C.