

INTERNATIONAL ECONOMIC POLICY ACT OF
1972 AMENDMENT

JUNE 19 (legislative day, JUNE 18), 1973.—Ordered to be printed

Mr. FULBRIGHT, from the Committee on Foreign Relations,
submitted the following

REPORT

[To accompany S. 1636]

The Committee on Foreign Relations, to which was referred the bill (S. 1636) to amend the International Economy Policy Act of 1972, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE

As introduced on April 18, 1973, S. 1636 is designed to extend the statutory basis for the Council on International Economic Policy (CIEP) beyond this June 30, to authorize appropriations for its work, to remove the President from membership on the Council, and to permit the President to designate the Chairman of the Council from among its members. The accompanying executive communication states the President's intention to so designate the Secretary of the Treasury.

BACKGROUND

S. 1636 was referred upon introduction to the Senate Banking Committee, which reported the bill with an amendment in the nature of a substitute on June 4, 1973. At that time, S. 1636 by unanimous consent was then referred to the Committees on Finance and Foreign Relations for a period expiring not later than June 20. The Committee on Finance reported the bill favorably with an amendment on June 14, and by unanimous consent the Committee on Foreign Relations was authorized to report by June 22, 1973. These three authorizing committees of the Senate are enumerated—along with three committees of the House of Representatives and the Joint Economic Committee—in section 208 of Public Law 92-412 (the International

Economic Policy Act of 1972) as those to be kept "fully and currently informed regarding the activities of the Council."

As reported by the Banking Committee, S. 1636 removes the President from membership and chairmanship of the CIEP and provides that he shall designate the chairman from among its members. However, the bill was also amended in the following ways: (1) a two-year authorization of the CIEP was substituted for permanent status; (2) appropriations of \$3 million in each of the two fiscal years, 1974 and 1975, were authorized for the combined projected expenses of the CIEP and the Office of the Special Trade Representative (STR); (3) the position of the Executive Director of the CIEP was made subject to confirmation by the Senate; and (4) Civil Service protection was extended to career personnel currently employed by the STR. These amendments reflected the OMB statement of Presidential intent to merge CIEP and STR following enactment of S. 1636.

The Committee on Finance approved the Banking Committee's amendment in the nature of a substitute with one further amendment. It agreed that the individual serving as Executive Director of CIEP should be subject to confirmation through advice and consent of the Senate, but felt that forcing compliance with this requirement by June 30, 1973 would be unreasonable. The Finance Committee accordingly amended section 4 of the bill to the following effect:

... if the President submits the nomination of the Executive Director of the Council . . . to the Senate by the first day of the first month which begins more than 30 days after enactment of the bill, the nominee can continue to serve in that office unless the Senate rejects the nomination or fails to act on the nomination by the end of the first session of the 93d Congress.

COMMITTEE ACTION

The Committee on Foreign Relations held a public hearing on S. 1636 on June 5, 1973. The witnesses were Mr. Peter M. Flanigan, Executive Director of the CIEP, and Ambassador William R. Pearce, Deputy Special Representative for Trade Negotiations. Further testimony was considered unnecessary in view of comprehensive hearings conducted on May 14 and 15 by the Banking Committee's Subcommittee on International Finance, and in view of the requirement for early action.

On June 18 the Committee considered S. 1636 in executive session and, by a unanimous voice vote of those Members present, ordered the bill reported favorably as amended by the Committees on Finance and Banking, Housing and Urban Affairs.

During Committee consideration of the bill doubts were expressed regarding the desirability of merging the Office of the STR with the Council. There was particular concern about the impact on the STR's position if he were formally placed under the authority of the CIEP Executive Director. The Committee took no action on the question largely because it had no evidence that the Special Trade Representative and his deputies were opposed to the projected reorganization. At the same time, Members of the Committee, both through public testimony and private conversations, have the understanding that the STR will retain control over his office and a means of direct com-

munication with the President, as does the Executive Director of the CIEP. Moreover, the limitation of the Council's statutory authorization to two years will permit careful scrutiny of any new arrangements deriving from a merger. Committee members intend to exercise the right and duty of legislative oversight to make certain that assurances about the independence and the access of the STR to the President are respected.

With respect to the question of costs incurred in this legislation regarding the next five years, the Committee could only project forward the annual figure of \$3 million for fiscal years 1974 and 1975, while recognizing that substantially expanded trade negotiations in time might compel a reassessment of such a projection.

CHANGES IN EXISTING LAW

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, 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 *italic*, existing law in which no change is proposed is shown in roman) :

International Economic Policy Act of 1972

Title II of Public Law 92-412 [S. 3726], 86 Stat. 646, approved August 29, 1972

SHORT TITLE

SEC. 201. This title may be cited as the "International Economic Policy Act of 1972".

STATEMENT OF PURPOSES

SEC. 202. It is the purpose of this title to provide for closer Federal interagency coordination in the development of a more rational and orderly international economic policy for the United States.

FINDINGS AND POLICY

SEC. 203. The Congress finds that there are many activities undertaken by various departments, agencies, and instrumentalities of the Federal Government which, in the aggregate, constitute the domestic and international economic policy of the United States. The Congress further finds that the objectives of the United States with respect to a sound and purposeful international economic policy can be better accomplished through the closer coordination of (1) domestic and foreign economic activity, and (2) in particular, that economic behavior which, taken together, constitutes United States international economic policy. Therefore this Act establishes a Council on International Economic Policy which will provide for—

(A) 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;

(B) consistency between domestic and foreign economic policy; and

(C) close coordination with basic foreign policy objectives. The Congress intends that the Council shall be provided with the opportunity to (i) investigate problems with respect to the coordination, implementation, and long-range development of international economic policy, and (ii) make appropriate findings and recommendations for the purpose of assisting in the development of a rational and orderly international economic policy for the United States.

CREATION OF COUNCIL ON INTERNATIONAL ECONOMIC POLICY

SEC. 204. There is created in the Executive Office of the President a Council on International Economic Policy. (hereinafter referred to in this title as the "Council").

MEMBERSHIP

SEC. 205. The Council shall be composed of the following members and such additional members as the President may designate:

[(1) The President.]

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

The President shall be the Chairman of the Council and shall preside over the meetings of the Council; in his absence he may designate a member of the Council to preside in his place.]

(9) *The President shall designate the Chairman of the Council from among the members of the Council.*

DUTIES OF THE COUNCIL

SEC. 206. Subject to the direction of the President, and in addition to performing such other functions as he may direct, the Council shall—

(1) Assist and advise the President in the preparation of the International Economic Report required under section 207.

(2) Review the activities and the policies of the United States Government which indirectly or directly relate to international economics and, for the purpose of making recommendations to the President in connection therewith, consider with some degree of specificity the substance and scope of the international economic policy of the United States, which consideration shall include examination of the economic activities of (A) the various agencies, departments, and instrumentalities of the Federal Government, (B) the several States, and (C) private industry.

(3) Collect, analyze, and evaluate authoritative information, current and prospective, concerning international economic matters. Such evaluations shall include but not be limited to the

impact of international trade on the level, stability, and financial rewards for domestic labor and the impact of the transnational corporation on international trade flows.

(4) Consider policies and programs for coordinating the activities of all the departments and agencies of the United States with one another for the purpose of accomplishing a more consistent international economic policy, and make recommendations to the President in connection therewith.

(5) Continually assess the progress and effectiveness of Federal efforts to carry out a consistent international economic policy.

(6) 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. Recommendations under this paragraph shall include, but shall not be limited to, policy proposals relating to monetary mechanisms, foreign investment, trade, the balance of payments, foreign aid, taxes, international tourism and aviation, and international treaties and agreements relating to all such matters. In addition to other appropriate objectives, such policy proposals should be developed with a view toward—

(A) strengthening the United States competitive position in world trade;

(B) achieving equilibrium in international payment accounts of the United States;

(C) increasing exports of goods and services;

(D) protecting and improving the earnings of foreign investments consonant with the concepts of tax equity and the need for domestic investment;

(E) achieving freedom of movement of people, goods, capital, information, and technology on a reciprocal and worldwide basis;

(F) increasing the real employment and income of workers and consumers on the basis of international economic activity; and

(G) preserving the diversified industrial base of the United States.

REPORT

SEC. 207. (a) The President shall transmit to the Congress an annual report on the international economic position of the United States. Such report (hereinafter referred to as the "International Economic Report") shall be submitted not later than sixty days after the beginning of each regular session of the Congress, and shall include—

(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 of the United States and of their effect on the international trade, investment, financial, and monetary position of the United States;

(3) a review of the impact of international voluntary standards, the foreign investments of United States based transnational firms, and the level of foreign wage rates on the level, stability, and financial reward for domestic employment; and

(4) a program for carrying out the policy objectives of this title, together with such recommendations for legislation as he may deem necessary or desirable.

(b) The President may transmit from time to time to the Congress reports supplementary to the International Economic Report, each of which may include such supplementary or revised recommendations as he may deem necessary or desirable to achieve the purposes and policy objectives set forth in this title.

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.]

(b) (1) *With the approval of the Council, the Executive Director may appoint and fix the compensation of such personnel as he deems necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates, except that—*

(A) *no person, other than officers appointed under paragraph (2), shall receive compensation in excess of the rate provided for GS-18 of the General Schedule; and*

(B) *any person who is performing functions which, prior to July 1, 1973, were performed by personnel within the Office of the Special Trade Representative who were subject to the provisions of title 5, United States Code, governing appointments in the competitive service, shall be subject to such provisions.*

(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, 1973, unless extended by legislation enacted by the Congress.]

AUTHORIZATION FOR APPROPRIATIONS

SEC. 209. **[Sec. 210.]** For the purpose of carrying out the provisions of this title, there are authorized to be appropriated not to exceed \$1,400,000 for fiscal year **[1973]** ending June 30, 1973, not to exceed \$3,000,000 for the fiscal year ending June 30, 1974, and not to exceed \$3,000,000 for the fiscal year ending June 30, 1975.

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