January 21, 1993

Memorandum to: Ms. Matthews

Re: National Economic Council

I attach a revised draft of the NEC charter. The one remaining issue to be resolved is to ensure that Ron Brown is satisfied with the Charter language concerning trade matters. Mickey Kantor has indicated that he will contact Ron Brown and Bob to resolve this issue tonight or tomorrow morning.

Please let me know if I might be of any additional assistance.

Best regards.

David L. Caplan
(212) 450-4156
The President shall establish and chair a National Economic Council, and appoint an Assistant to the President for Economic Policy to direct the Council’s activities. The NEC will consist of the President, the Vice President, the Secretary of the Treasury, the Secretary of State, the Director of the Office of Management and Budget, the Chair of the Council of Economic Advisers, the Secretary of Energy, the Secretary of Labor, the Secretary of Commerce, the Secretary of Housing and Urban Development, the Secretary of Health and Human Services, the Secretary of Transportation, the Secretary of Agriculture, the Secretary of Education, the United States Trade Representative, the Assistant to the President for Domestic Policy, the Assistant to the President for National Security Affairs, the Assistant to the President for Economic Policy and such other persons as the President may designate. Other department and agency heads will participate on appropriate issues. The President will chair the Council. In his absence, the Assistant to the President for Economic Policy will preside.

On many issues, the Council will function through established or ad hoc subcommittees, task forces or interagency groups, which will be chaired by the President, the Assistant to the President for Economic Policy or a Council member designated by the President (or by appropriate designees of the foregoing persons).

The Secretary of the Treasury will continue to be the government’s senior economic official and the President’s chief economic spokesman. The Director of the Office of Management and Budget will continue to be the government’s senior budget official.

**Responsibilities of the Council**

The Council will have responsibility for coordinating advice to the President on overall economic strategy, including both domestic and international economic policies.

The Council will assist the President in setting goals and objectives for economic policy, ensuring that individual programs or policies fit within the overall economic strategy, and monitoring efforts to carry out and implement the President’s economic agenda. The Council will coordinate the establishment of interagency subcommittees, task forces or groups to address a variety of economic policy matters, including broad public policy issues affecting the economy (e.g., trade and export policy, defense-conversion policy, infrastructure policy and research and commercial technology policy).

The Council’s responsibilities will include coordinating advice to the President and coordinating policy decisions on the development of all aspects of the domestic economy recovery program, including job development strategy, inflation and deficit reduction strategy, investment programs, tax policy and industrial competitiveness strategies. They should also include such international economic issues as trade, international monetary and financial policy.
The Council’s functions will not include the following: operating and administrative responsibilities; the development and implementation of regulations (although the Council may from time to time initiate regulatory proposals); and follow-up on second level legislative initiatives not having a significant effect on the President’s economic agenda. In addition, the Council of Economic Advisors will continue its traditional function of providing independent economic advice and analysis to the President. The establishment of the NEC will not affect the authority conferred by law on any department or agency of the government.

The fundamental responsibility for development of policy initiatives and implementation of policy once the President has set the course will rest with the departments and agencies (e.g., Treasury on tax matters, OMB on budget matters and the USTR with respect to the coordination and development of trade policies), with the Council providing coordination as needed. This means, in particular, monitoring progress on decisions already made and taking steps to ensure that Presidential decisions are followed throughout the executive branch.

The President will instruct all departments and agencies to cooperate with the Council, including providing information and assistance as required and participating fully in the Council’s activities.

Assistant to the President for Economic Policy

The Council’s activities will be coordinated by the Assistant to the President for Economic Policy, who will have rank and responsibility on a par with the Assistant to the President for National Security and the Assistant to the President for Domestic Policy. The Assistant will assemble policy recommendations from relevant departments and agencies, ensure that the President is presented all views on policy issues and draft decision memoranda for the President. The Assistant should be a coordinator and honest broker framing policy options fairly for the President.

In each area of economic policy, the Assistant to the President for Economic Policy is expected to perform the following functions:

1. To preside over Council meetings in the absence of the President;
2. To assemble recommendations and information from appropriate departments;
3. To direct the activities of the Council, including subcommittees, task forces and interagency groups;
4. To prepare agendas for Council meetings;
5. To draft decision memoranda for the President;
6. To participate with OMB in the review of significant regulations affecting overall economic strategy, with the CEA fulfilling its traditional role in this regard;
7. To participate with OMB in the review of legislative proposals and enacted bills which have a significant impact on the President’s economic agenda, with the CEA fulfilling its traditional role in this regard;

8. To provide independent, objective evaluations of policy options;

9. To provide to the President, as requested, the Assistant’s own views of the policies under discussion, free of the particular orientation of individual departments or agencies; and

10. To assist the President in reaching out and consulting with public and private sector groups, domestic and international, on economic issues and the President’s economic agenda.

Operation of the Council

On the President’s overall economic strategy, the NEC’s functions will be performed by the full Council. On individual issues, these functions will either be performed by the full Council or by working subcommittees, task forces or interagency groups. The Council will coordinate efforts to develop policies and to implement the President’s decisions on economic strategy.

On individual policy projects, the Council will generally function by responding to proposals from or soliciting proposals from the appropriate department or agency, for example, Treasury on tax matters. The Council staff will review the proposal, circulate it to other appropriate agencies for comment, and convene ad hoc groups or meetings of certain Council members to discuss the proposal before preparing a decision memorandum for the President. Decision memoranda will be circulated to appropriate departments for comment prior to submission to the President, and will in all cases fairly transmit the recommendations and issues of the department with an interest in the project.

The Council should generally have a regular weekly meeting. Outside experts may be invited to participate on particular agenda items. In formulating a recommendation to the President, or when a decision needs to be made, the relevant members with an interest in the matter will meet either in person or by telephone to deal with the matter.

The Council’s staff should be adequate to fulfill its mission. It should include persons with a background in federal budget, capital markets, international economic policy, tax and fiscal policies, trade, and economic regulation. Staff members should combine substantive and analytic ability with communication skills and political sensitivity. Technical macroeconomic and microeconomic analysis will continue to be provided by the CEA.

In addition, the staff should have the ability to draw on and work together with other White House staff, including congressional relations, legal counsel, and communications.
In addition, the Council’s staff should monitor implementation sufficiently to assure that the President’s agenda is achieved.

**Relationship with the President**

To emphasize both the reality and the perception of the significance of economic issues on the President’s agenda, the regular morning intelligence briefing schedule should include, whether as a single session with both the Assistant for Economic Policy and the Assistant for National Security or as a separate session with the Assistant for Economic Policy, a briefing on economic developments. The order or length of the briefing can vary, depending on the specific issues occupying the President’s attention and developments around the world at the time. The Assistant for Economic Policy should receive full access to intelligence briefings on economic matters from Treasury, Commerce, State and the CIA and have full access to foreign cables on economic issues.

To make the new process work effectively, the Assistant to the President for Economic Policy should generally participate or be represented in meetings the President has with members of the Cabinet or agency heads on economic issues; and proposals or initiatives from the departments and agencies on economic matters should be directed to the President through the Council.

Similarly, to make the new process work effectively, White House staff preparation for and participation in meetings with foreign leaders on economic issues should generally include the Assistant for Economic Policy as well as the Assistant for National Security, with the relative responsibility depending on the agenda for a particular meeting.

The Assistant and his staff should generally have access to activities of the Domestic Policy Council and the National Security Council on a regular basis, with liaison procedures established to ensure consultation and information flow on matters affecting overall economic strategy. The Assistant to the President for Economic Policy should have responsibility for coordinating preparation for Presidential briefings on economic policy; and, along with the Assistant to the President for Communication, the Assistant for Economic Policy should have responsibility for coordinating preparation of Presidential statements relating to economic policy.

**Relationship with other Assistants to the President**

The Assistant will have to establish effective working relationships with other senior White House staff, including particularly the Chief of Staff, the Assistant to the President for National Security and the Assistant to the President for Domestic Policy. There will inevitably be overlapping jurisdiction and uncertain boundaries among the three principal policy Assistants. At the boundaries, jurisdiction should be worked out on a practical basis, depending on such factors as the particular interest of the Assistant, the capacity and qualifications of his staff, and the departments most directly involved in the issue. Subject to these guidelines, the three policy Assistants should attempt to agree on the allocation of jurisdiction and procedures for working together, subject to review and resolution of any differences by the Chief of Staff. Certain principles, however, should be established in advance:
• The strategic decision to include a particular initiative in the President’s economic agenda, and its scope and cost -- for example, the amount of infrastructure spending or training and education investment or the budgetary impact of health care reform -- should be within the purview of the National Economic Council, while the content, follow up and specific design of the initiative would fall under the Domestic Policy Council.

• International economic policies which bear on economic prosperity and global economic coordination will be the responsibility of the National Economic Council. As a result, White House preparation for international meetings on economic policy such as an economic summit of industrial nations or economic agenda items for other bilateral or multilateral meetings will be coordinated jointly by the National Economic Council and the National Security Council. The role of the departments on international meetings will remain with State and Treasury, as appropriate to the agenda.