

HISTORY OF THE OFFICE OF ECONOMIC POLICY

The primary mission of the Office of the Assistant Secretary for Economic Policy is to support the Secretary of the Treasury as the principal economic official in the government. The Office utilizes economic analysis and evaluates current economic data to assist in the determination of appropriate economic policies.

The Office of Financial Analysis, the precursor to the Office of Economic Policy, was established in late 1961 to advise the Secretary on a broad range of economic problems. Its first director was Paul Volcker (1962-1963). Under his leadership the Office undertook research projects and analyzed current developments in the economy. This Office formed the basis of the new Office of the Assistant Secretary for Economic Policy which was established on April 1, 1969. Dr. Murray Weidenbaum, the first Assistant Secretary, was sworn in on June 23, 1969.

Since the early 1970s, the Assistant Secretary for Economic Policy has served on the Troika, the unofficial name of the interagency group comprised of Treasury, the Council of Economic Advisors, and the Office of Management and Budget, that develops official economic assumptions for the President's budget. In addition, the Assistant Secretary advises the Secretary on the economic effects of tax and budget policy.

Since the late 1970s, the Office of Economic Policy has provided the principal support to the Secretary of the Treasury in his roles as Chairman and Managing Trustee of the Social Security and Medicare Boards of Trustees. The Secretary, along with the other Trustees, sets the short-range and long-range economic and demographic assumptions used in determining the financial status of the Social Security and Medicare programs as reported annually to Congress.

In both the late 1970s and mid-1990s, the Office of Economic Policy was an important participant in the interagency groups working on health care reforms initiated by the White House. It continues involvement in the analysis of the economic effects of health care financing trends and policies. Between 1990 and 1998, the Assistant Secretary for Economic Policy had major responsibility for the analysis and collection of Treasury's statistics on international capital movements. He continues to analyze international economic issues as they relate to the domestic economy.

One of the responsibilities of the new Office in the early 1970s was to put together the Revenue Sharing Program whereby a portion of federal tax dollars and decision-making power were shifted back to state and local governments. Since 1987, when Revenue Sharing was disbanded, the Office of Economic Policy has continued to study state and local finance issues and produces the index of Total Taxable Resources used in certain allocations among states of federal funds for Medicaid.

Today, the Office of the Assistant Secretary for Economic Policy carries out its functions under the direction of an Assistant Secretary and three Deputy Assistant

Secretaries, one for Macroeconomic Analysis, one for Microeconomic Analysis, and one for Policy Coordination. Staff economists in two offices, the Office of Macroeconomic Analysis and the Office of Microeconomic Analysis, provide the economic analysis and often collaborate with other policy offices in Treasury, including the Office of Tax Policy, the Office of Domestic Finance, and the Office of International Affairs, on a wide variety of policy issues. The Office also works with other cabinet departments and government agencies in the development of policy.

The Office of Macroeconomic Analysis routinely monitors economic data as it is released and provides the Secretary of the Treasury and other officials with daily updates and analysis of important economic statistics. In addition, the Office of Macroeconomic Analysis regularly provides in-depth analyses of major trends and developments in the U.S. economy.

The Office of Microeconomic Analysis conducts research to assist in the formulation of Treasury's policies on a wide range of issues. Currently, the Office is carrying out Treasury's mandate to provide Congress with an assessment of the effectiveness of the Terrorism Risk Insurance Program and the likely capacity of the industry to continue it after the government program ends.

Staff from Economic Policy, working with Domestic Finance and other government agencies, are developing a comprehensive pension funding reform proposal. The Administration has proposed replacing the interest rates used today to measure a defined benefit pension plan's current liability and lump sum distributions with rates based on a spot yield curve drawn from prices of high-grade corporate bonds. Economic Policy staff are developing a methodology to calculate the spot yield curves.

Staff economists often represent the Treasury in interagency groups studying a variety of issues, including Social Security, environmental, energy, and use of the airwaves policies. Economists also monitor certain sectors of the economy; work to improve the presentation of governmental financial statements; and perform research and analysis on policy issues in financial markets.

ASSISTANT SECRETARIES of the TREASURY for ECONOMIC POLICY

Murray L. Weidenbaum – June 23, 1969 to August 13, 1971

Edgar R. Fiedler – December 12, 1971 to July 16, 1975

Sidney L. Jones – July 17, 1975 to January 20, 1977

Daniel H. Brill – May 16, 1977 to September 30, 1979

Curtis A. Hessler – April 4, 1980 to January 20, 1981

Paul Craig Roberts – March 13, 1981 to February 1, 1982

Manuel H. Johnson – December 10, 1982 to February 7, 1986

Michael R. Darby – July 14, 1986 to May 22, 1989

Sidney L. Jones – October 31, 1989 to January 11, 1993

Alicia H. Munnell – May 20, 1993 to December 22, 1995

Joshua Gotbaum – December 24, 1995 to June 28, 1997

David W. Wilcox – November 6, 1997 to January 19, 2001

Richard H. Clarida – February 7, 2002 to May 16, 2003

Mark J. Warshawsky – March 18, 2004

DEPUTY ASSISTANT SECRETARIES for ECONOMIC POLICY

Beatrice N. Vaccara (Domestic Economic Analysis) – June 1977 – November 1977
(Domestic Economic Policy) – November 1977 – September 1979
(Economic Policy) – September 1979 – January 1980

Roger E. Shields (International Economic Analysis) – July 1977 – November 1977

John R. Karlik (International Economic Analysis) – December 1977 – January 1980

Richard F. Syron (Economic Policy) – January 1980 – January 1981

Stephen J. Entin (Economic Policy) – March 1981 – December 1981
(Economic Forecasting) – December 1981 – August 1988

Manuel H. Johnson (Economic Policy) – April 1981 – December 1982

Jacob S. Dreyer (Acting) (Policy Coordination) – December 1982 – February 1984

Dallas Sanford Batten (Policy Coordination) – June 1987 – September 1988

Bruce R. Bartlett (Policy Analysis) – September 1988 – October 1992

Robert F. Gillingham (Policy Coordination) – October 1989 – May 1998

Marina L. Weiss (Health Policy) – April 1993 – January 1995

James Bradford De Long (Policy Analysis) – June 1993 – November 1993
(Macroeconomic Analysis) – November 1993 – May 1995

Glen Rosselli (Policy Analysis) – March 1995 – May 1997

Daniel E. Sichel (Macroeconomic Analysis) – June 1995 – May 1996

Louise Sheiner (Acting) (Macroeconomic Analysis) – June 1996 – December 1996

Jonathan Gruber (Policy Analysis) – May 1997 – June 1998

Lynda de la Viña (Policy Coordination) – July 1998 – January 2001

Robert E. Cumby (Macroeconomic Analysis) – July 1998 – January 2001

Mark McClellan (Microeconomic Analysis) – July 1998 – January 2000

Douglas W. Elmendorf (Microeconomic Analysis) – June 2000 – January 2001

Kent Smetters (Policy Coordination) – June 2001 – October 2002

Mark J. Warshawsky (Microeconomic Analysis) – January 2002 – March 2004

James E. Carter (Policy Coordination) – November 2002 ---

Robert Stein (Macroeconomic Analysis) – January 2004 ---