ECONOMIC SCENE

Honest brokers separate policy from sausage for the White House.

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Published: November 9, 2000

NO president has been as well versed in economics as Josiah Bartlet, the character played by Martin Sheen on "West Wing." Bartlet, a former economics professor and Nobel prize winner, rarely needs advice on economics from his staff. Nonfictional presidents, however, must rely on their advisers to make decisions. The way economic advice is organized can determine the success of a president's program. The National Economic Council provides a good model for future White Houses.

During the 1992 campaign, Bill Clinton announced that he would create a National Economic Council to elevate economic policy in the White House to the same status as national security and to coordinate advice from cabinet secretaries on issues ranging from public investment and deficit reduction to free trade. In 1997 he called the council "the single most significant organizational innovation that our administration has made in the White House."

George W. Bush promised to pay attention to expert advisers in his campaign. Mr. Bush's advisers suspect that if elected he will create a coordinating body similar in several respects to the National Economic Council because he likes to hear competing views before reaching a decision.

Al Gore is sure to maintain the National Economic Council if he should pull out a Florida victory.

Robert E. Rubin was the first director of the council. Under Mr. Rubin and his successors, Laura Tyson and Gene Sperling, the council coordinated domestic and international economic policy. The director and staff of about 30 met frequently with six departments -- Treasury, the Council of Economic Advisers, the Office of Management and Budget, Commerce, Labor and the trade representative. Legislative and communications aides were added to this group. Other departments were consulted when issues in their realms arose.

Unresolved issues were addressed at the cabinet level. Competing options for handling major policy issues were presented to the president for his decision.

Economic policy increasingly involves complex issues that cut across federal agencies. Climate change policy, for example, involved nine departments. A coherent policy requires coordination and cooperation across diverse agencies.

Mr. Rubin said two elements were essential for an organization like the National Economic Council to be effective. First, beginning with the transition, the president-elect and his chief of staff must insist that cabinet members work within the council's framework instead of running to the president to plead their case. Second, the council's director must be perceived as an honest broker who fairly represents relevant cabinet members' views before the president, without exploiting his proximity to the president to advocate his own agenda.

"The N.E.C. at its core is a commitment to trust a fair and transparent process," Mr. Sperling said. This process involves common-sense practices, like allowing cabinet secretaries to send dissenting memos along with the council's decision memo to the president or encouraging agencies to review a council memo to make sure their views are accurately represented.

Trust in the process reduces the likelihood that cabinet secretaries will leak damaging information to the news media. Leaks can undermine policy initiatives, poison relationships and create unnecessary volatility in financial markets.

Roger B. Porter, a former assistant to President George Bush for economic and domestic policy and now a professor at Harvard, stressed that regardless of who wins, it is important for the president-elect to appoint individuals to various positions who will work together as a team.

One measure of the council's success is the rarity of public disputes among President Clinton's economic advisers. In his new book, "The White House Staff," which should be required reading for any transition team, Bradley Patterson observes that "the key to effective cooperation was not so much institutional arrangements but personal trust and respect."

"The main accomplishment of the N.E.C. process," said former Labor Secretary Robert B. Reich, "was the first budget, which launched the twin goals of reducing the deficit and shifting spending toward public investment in education, training, basic research and infrastructure." Its main disappointment: the failure to wrest coordination of the health care plan from Ira Magaziner.

Although longer lasting than its predecessors, the National Economic Council is not unique. Almost all presidents since Eisenhower have had a group that coordinated economic policy. President Gerald R. Ford described his Economic Policy Board, the closest cousin to the N.E.C., as "the most important institutional innovation of my administration."

But many presidents have relied on the Treasury secretary to coordinate economic policy. It is impossible for a cabinet secretary to be an honest broker and an advocate for his department. Budget policy was orchestrated almost exclusively by the O.M.B. in the Bush and Reagan administrations, with relatively little coordination or cooperation across departments.

Before the council was established, there was concern it would subordinate the Council of Economic Advisers, a small group of professional economists who provide technical analysis for the president.

Early on, however, the National Economic Council elevated the Council of Economic Advisers, freeing it to advocate efficient economic programs and ensuring that the president had its input. The influence of the Council of Economic Advisers waned over time but only partly as a result of the National Economic Council. The new administration could reverse this slide by reviving the Council of Economic Advisers' in-person weekly briefing of the president.

Why does it matter how the policy process is organized? Professor Porter gave three reasons. First, "the president needs and deserves a process that exposes him to all the views he should take into account, and the best views available in the government." Second, the process illuminates the interrelationship among various policies. Third, once a decision is made, the president needs a system to carry it out.

As President Bartlet acutely observed last season: "Decisions are made by those who show up." To be most effective, the White House must structure economic advice to the president so all relevant views are represented and vetted in a fair process. This is best accomplished if an honest broker close to the president is responsible for coordinating the economic policy process behind the scenes.