Who Is *Behind* Bush Economic Policy?

Check out the Ward Room of the White House.

BY ROBERT D. NOVAK

Every Wednesday, some eight or nine officials meet in the Ward Room of the White House to discuss economic policy. The group is collegial in the extreme with not much disagreement about anything, but no great decisions are made or even pondered. Most of the policies have been set long ago, and the burden of the talk is how to implement them—especially how to sell the program to the nation and Congress.

There are a surprisingly large number of officials present. In some past administrations, such meetings have been restricted to a "triumvirate" (heads of the Treasury, Budget and Council of Economic Advisers). Officials attending also are unexpectedly diverse. They range from the Vice President of the United States to Cabinet members to middle-level staffers.

Vice President Cheney usually attends, and so does his chief-of-staff, Scooter Libby, and his economic aide, Keith Hennessy. White House Chief-of-Staff Andrew Card is not usually there, but newly anointed Deputy Chief-of-Staff Karl Rove is a recent addition. Regularly attending Cabinet members include Secretary of the Treasury John Snow, newly appointed Secretary of Commerce Carlos Gutierrez and Office of Management and Budget Director Josh Bolten.

One former Bush Administration official, who would not be quoted by name, made this criticism of the Wednesday meetings. "It's the wrong people in

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THE INTERNATIONAL ECONOMY
THE MAGAZINE OF INTERNATIONAL ECONOMIC POLICY
888 16th Street, N.W.
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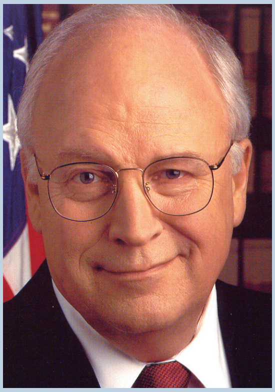
Washington, D.C. 20006
Phone: 202-861-0791
Fax: 202-861-0790
www.international-economy.com

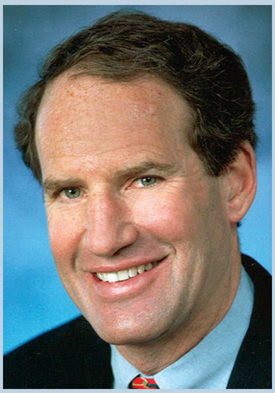
Bush Team MVPs



VP Richard Cheney

The Vice President has little to say in Cabinet meetings, but at the Wednesday economic sessions, he is described as positively garrulous.

Richard Cheney, no economics theoretician, has shifted his economic ideology to fit whatever his current political situation might be. He does not offer any innovations, but nobody challenges what he says. He speaks with the authority of not only being Bush's chosen instrument but also as a close friend of Federal Reserve Chairman Alan Greenspan. That should not be construed, however, as giving Greenspan a backhanded voice in the details of the Administration's economic planning.



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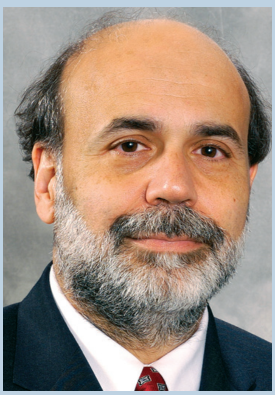
Al Hubbard, Director, National Economic Council

The head of the National Economic Council is a new member of the economic team and is an important one, in no small part because of his relationship with George W. Bush (his classmate and friend at Harvard Business School). Al Hubbard's primary mission is selling the Bush Social Security reform.



Ben Bernanke, Chair, Council of Economic Advisers

Just moved from the Federal Reserve Board to chair the Council of Economic Advisers, Ben Bernanke is an unknown quantity to his new colleagues. His performance at the CEA may go far to determine whether he makes a quick trip back to the Fed next year as the retiring Greenspan's replacement.

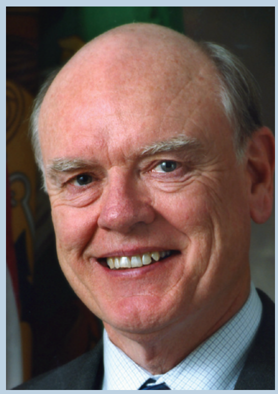
Karl Rove, Deputy Chief of Staff

The hand of Bush's political adviser in economic policymaking was always present but hidden. Now it is out in the open. Karl Rove is no economist but is a policy wonk of the first order and understands the details of the issues.

He has less to say than Cheney and what he says usually involves the intersection of politics and policy.

Josh Bolten, OMB Director

Josh Bolten is an astute navigator of Washington's waters. Bolten generally keeps below the radar. Not nearly as political as predecessor Mitch Daniels (now Governor of Indiana), Bolten has avoided Daniels's noisy struggles with Congressional appropriators. He is an implementer rather than an innovator.



John Snow, U.S. Treasury Secretary

An able man with no enemies who may be in the wrong job, John Snow's biggest burden is being the successor of Paul O'Neill, one of the truly great disasters in Treasury history.

In addition to public non-support for the Bush tax cuts, O'Neill proved ruinous to employee morale at the Treasury. The last straw was O'Neill's African trip with the singer Bono. Rove wanted a quick replacement before the 2004 campaign got going, and CSX railroad chief Snow got the job. While Snow had Washington experience, he was more of a corporate lobbyist than a financier, administrator or economist planner. Clearly, the President should have known he was not getting a Treasury Secretary in the heroic mold of George Schultz, James Baker, or Robert Rubin.

Before the 2004 election, nasty leaks started coming from the White House that Snow had better pack his bags for the second term. Former Senator **Phil Gramm** *of Texas, now an investment banker, was considered. However, it was determined that Gramm was so strong and so well qualified that he would have been difficult to handle.*

Former Senator Phil Gramm

the wrong place. There are too many people at the table. It should be at the Treasury in the Secretary's office with the Secretary in charge."

But John Snow is just one of many at the Wednesday table, and that reflects the downgrading—which seems more accidental than conscious—of the Treasury in President George W. Bush's administration. With many key posts in the department left unfilled for much of the last year and Snow largely reduced to a salesman's role, Treasury is not the government's economic power house that it has been traditionally.

When Snow arrived at the Treasury in 2000, he inherited the broad strategies of how to deal with Social Security, taxes, and international currency questions. That helps explain his role that is diminished well below the traditional dimensions of the office, and it also is instructive about the roles of his colleagues.

Within that reduced scope, these are the major Bush economic players:

Dick Cheney. The Vice President has little to say in Cabinet meetings and has been known to remain silent during the full length of luncheons for Republican Senators that he attends weekly. But at the Wednesday economic sessions, he is described as positively garrulous—speaking early and often.

Cheney, whose uncompleted master's degree was in political science, is no economics theoretician and has shifted his economic ideology to fit whatever his current political situation might be. As President Gerald Ford's chief-of-staff, he opposed tax reductions. As a Congressman from Wyoming, he was not part of the supply side bloc but voted for the Kemp-Roth tax cut. As George W. Bush's Vice President, he is a forceful enforcer of what the President wants.

Cheney does not offer any innovations, but nobody challenges what he says. He speaks on Wednesdays with the authority of not only being Bush's chosen instrument but also as a close friend and long-ago colleague (in Ford Administration days) of Federal Reserve Chairman Alan Greenspan. That should not be construed, however, as giving Greenspan a backhanded voice in the details of the Administration's economic planning.

Karl Rove. The hand of Bush's political adviser in economic policymaking was always present but was hidden. Now that he has become White House Deputy Chief-of-Staff for policy, it is out in the open. Rove, who is about two semesters short of his bachelor's degree in political science, is no economist but is a policy wonk of the first order and understands the details of the issues.

He has less to say than Cheney on Wednesdays, and what he says usually involves the intersection of politics and policy. However, nobody doubts the authority of the President's principal adviser on all questions, including who will hold the positions that his colleagues now fill.

Al Hubbard. The head of the National Economic Council is a new member of the economic team and is an important one, in no small part because of his relationship with George W. Bush (his classmate and friend at Harvard Business School). Businessman Hubbard's congenial Indiana style appears somewhere between his two predecessors—economist Lawrence Lindsey, who was viewed by the White House as talking too much, and investment banker Stephen Friedman, whom the White House complained just disappeared in the job.

Hubbard's primary mission is selling the Bush Social Security reform, and that is why he says getting entitle-

The problem will come if the economic news, at home or abroad, turns sour. The band that meets every Wednesday may not be up to economic crisis management.

ments under control—starting with Social Security—is America's foremost economic problem.

He spends a lot of time on Capitol Hill, and gets mixed reviews from the lawmakers. Some think he is a countrified lightweight. But a majority feels he is the Administration's most cogent economic voice.

Josh Bolten. The OMB director is an astute navigator of Washington's waters in several government posts, including Deputy Chief-of-Staff for policy before taking the Budget post. He is out of the cookie-cutter stereotyped Bush official: A Jewish native of Washington and a bachelor who just moved into a big suburban home, he drives a Harley Davidson motorcycle and is a musician.

Bolten generally keeps below the radar, effecting Bush's deepest budget cuts so far without creating a firestorm. Not nearly as political as predecessor Mitch Daniels (now Governor of Indiana), Bolten has avoided Daniels's noisy struggles with Congressional appropriators. He is an implementer rather than an innovator and is unlikely to push for daring new turns in policy.

Ben Bernanke. Just moved from the Federal Reserve Board to chair the Council of Economic Advisers (CEA), he is an unknown quantity to his new colleagues. At the Fed, he sometimes disagreed with Greenspan on central bank policy. But those questions are beyond the purview of Bush's economic team. His performance at the CEA may go far in determining whether he makes a quick trip back to the Fed next year as the retiring Greenspan's replacement.

John Snow. This is a sad story that cannot be blamed on Snow, an able man with no enemies who may be in the wrong job.

His biggest burden is being the successor as Secretary of Paul O'Neill, one of the truly great disasters in Treasury history. Cheney and Secretary of Defense Donald Rumsfeld, who were close colleagues of O'Neill when he was a bright young civil servant in Nixon-Ford days, convinced Bush that conservative criticism of O'Neill was misguided.

In addition to public non-support for the Bush tax cuts, former ALCOA chief executive O'Neill proved ruinous to employee morale at the Treasury. Valued senior civil servants reacted to O'Neill's edicts by leaving. The last straw was O'Neill's African trip with the singer Bono. Rove wanted a quick replacement before the 2004 campaign got going in earnest, and CSX railroad chief Snow got the job.

While Snow had Washington experience (at the Transportation Department), he was more of a corporate lobbyist than a financier, administrator, or economist planner. Clearly, the President should have known he was not getting a Treasury Secretary in the heroic mold of George Schultz, James Baker, or Robert Rubin.

Nevertheless, before the 2004 election, nasty leaks started coming from the White House that Snow had better pack his bags for the second term. Former Senator Phil Gramm of Texas, now an investment banker, was considered. However, it was determined that Gramm was so strong and so well qualified that he would have been difficult to handle. Several corporate executives were considered, but each looked like another Snow at best or another O'Neill at worst.

The Deputy Secretary's job has been vacant more than it has been filled.

Snow stayed, and has worked hard at his unpleasant tasks of dealing with Congress on Social Security and China on currency manipulation. He was dealt that difficult hand and told to play it the best he can.

His task has been made all the more difficult by the unprecedented vacancies in top Treasury positions during his tenure—including Deputy Secretary. The vacancy persisted so long because Bush insisted on a woman for the job. He finally decided on Susan Schwab, who had extensive experience as an international trade expert in Congress and at the Commerce Department. But she failed to clear the Senate confirmation hurdle because of problems regarding her financial disclosure.

Since then, the Deputy Secretary's job has been vacant more than it has been filled, as have several of the Assistant Secretary positions (Robert Kimmitt, a former Bush I official, was recently nominated for Deputy Secretary). That connotes less White House contempt for the Treasury than a combination of administrative incompetence and the tortuous clearance process for new government appointments.

The absence of a strong man guiding the Administration's policy probably does not have much to do with whether the President succeeds or fails in his current primary mission of reforming Social Security. It may not even impact of international monetary policy, under present conditions.

The problem will come if the economic news, at home or abroad, turns sour in George W. Bush's second term. The band that meets every Wednesday may not be up to economic crisis management, and a new power alignment will have to be arranged. ◆