

Bring the President's Nerds Back In from the Cold

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During the Clinton years, Congress tried to get rid of the president's Council of Economic Advisers the old-fashioned way: by cutting its already modest budget. The Bush administration seems to have figured out a more effective way to rid the White House of those pesky economists: taking away their offices.

According to the age-old adage, the three most important attributes of property are location, location and location. This is doubly true for the White House, where proximity to the president says everything about your place in the political pecking order. Unfortunately, the CEA has recently been exiled to the Washington equivalent of Siberia.

This exile came in two stages. Shortly after September 11 2001 the economists were moved from their offices in the Eisenhower Executive Office Building next to the West Wing to some interior offices with easy access to a ventilation shaft. Then, after the departure of Glenn Hubbard, President George W. Bush's initial choice to head the CEA, things really went downhill. The economists were banished to offices three blocks and a bevy of security checkpoints away from the Oval Office.

Why are we whining on behalf of the president's "nerdiest" employees, as Greg Mankiw, the new CEA chairman, recently called them? Perhaps because we both worked at CEA in the good old days, when economists hardly had to fight for access to the boss. But the real reason for telling the tale is that we believe the demotion will lead to a decline in the quality of economic advice given to the

president.

Granted, Mr Bush has other sources of such advice. The Treasury secretary has assumed the role in some administrations. And the president can always turn to his National Economic Council. But these advisers have explicitly political portfolios and their views reflect the push and pull of pressure groups.

The CEA, by contrast, has generally stuck to the high ground. Its elite staff members, typically recruited from the rising stars of academia, have generally defined their jobs as bringing economic truth to the policy table. And while it would be naive to think of them as utterly objective, they have usually fought for policies that serve the common good rather than the special interests of the day, be they corporate America, the legal profession or lobbyists for pensioners.

Economists at the top of the profession have happily left their regular jobs to work at the CEA for substantially lower pay because they believe in the value of economic expertise in shaping public policy. Many are now household names, such as Larry Summers, the Harvard president, and Federal Reserve chairman Alan Greenspan.

But few good economists are likely to supply their services virtually pro bono if they have to toil away in offices far from the seat of power. Would you leave a cushy job at Princeton for that?

Critics might claim that proximity to the president does not necessarily equate to influence. After all, Robert Rubin never had difficulty influencing President Bill Clinton from down the street in the U.S. Treasury building. And we assume that Donald Rumsfeld has the president's ear from across the river.

However, the Treasury and Defence Department have enormous influence by virtue of their control of huge programmes. The tiny CEA, by contrast, has no real mandated task other than to advise the president and senior White House staff. With the CEA on site, it is relatively easy for its economists to be invited to impromptu meetings and find out what is happening before the officials get locked into bad policy positions. Out of sight, the CEA is more likely to be out of mind.

How much will it really matter if this elite cadre of economists goes back to the ivory tower? Potentially, quite a lot. The difference between solid advice provided by the world's best economic thinkers and the gospel according to lobbyists could translate into tax policies and regulation that clip tens of billions from gross domestic product.

Fortunately, there is a simple solution: give the CEA back enough space in the Eisenhower Executive Office Building to house its small staff. Yes, space near the Oval Office is scarce, Mr President, but so is good, fair-minded economic advice. And you never know when you might need it.

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