

POLITICAL PULSE

Why Bother?

Monday, December 9, 2002

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Bush's selection of Snow and Friedman dashes hopes that the administration will adopt a strong pro-growth policy agenda.

The initial rush of excitement Friday upon word of the welcome departure of the hapless duo of **Paul O'Neill** and **Larry Lindsey** is turning to pained disillusionment with the White House choices to fill the administration's two top economic policy posts. There's no way to sugarcoat this. The opportunity to invigorate the **Treasury Department** and White House economic council with credible advocates of a strong, pro-growth policy orientation to instill market confidence and generate momentum for an activist tax-cutting agenda on **Capitol Hill** is being squandered.

At Treasury, **CSX chief executive John Snow** brings a resume highlighted by his chairmanship of the **Business Roundtable**, the Fortune-50 CEO-club known mostly for its lobbying endeavors to perpetuate the prerogatives of Big Business and the top ranks of its managerial class. It can be safely assumed that policy measures aimed at encouraging entrepreneurship, risk-taking and innovation will not be at the top of his list of priorities. Historically, the Roundtable has been known for promoting such establishmentarian causes as keeping capital gains taxed as ordinary income and prohibiting hostile corporate takeovers. More recently, the Roundtable, with Snow at the helm, has been a leader of the inside-the-Beltway coalition that puts budget balancing above all policy objectives, and is at the forefront of the PR campaign to keep big company CEOs from being tarnished by the corporate scandals.

The apparent choice of former **Goldman Sachs co-chair Stephen Friedman** to head the **National Economic Council** is no less disappointing. Indicative of that was the fulsome praise showered on Friedman yesterday by his former Goldman colleague, **New Jersey's freshman Democratic Senator Jon Corzine** on *Fox News Sunday*. Indeed, it's difficult to dispel the sense that Friedman's selection is explained in no small part as a White House effort to align itself with the Goldman axis represented to so much acclaim during the **Clinton** years by **Robert Rubin**, who headed the NEC before becoming Treasury secretary. As vice chairman of the deficit-obsessed **Concord Coalition**, Friedman, in fact, would appear to fit very comfortably within the "Rubinomics" mold. How that perspective is reconciled with an administration ostensibly committed to a tax-cutting agenda will be closely watched. As the *Washington Post* reported over the weekend, "One Friedman confidant said he could not see his friend choking back misgivings over the growing federal budget deficit to push tax cuts that could deepen the hole."

However that circle is ultimately squared, it's plain enough that the White House is enlisting the services of people at the top of its policymaking councils who are less than keenly attuned to the need to restore and foster an entrepreneurial, risk-taking culture. To say the least, these personnel moves do nothing to overcome the obstacles we recently identified as likely to sharply limit the options for incentive-oriented fiscal policy improvements (see "[Monetary Progress, Fiscal Stasis](#)" November 25, 2002). **TM**