



THE WHITE HOUSE TRANSITION PROJECT
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Smoothing the Peaceful Transfer of Democratic Power

Report 2021—35

THE NATIONAL ECONOMIC COUNCIL

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WHO WE ARE & WHAT WE DO

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- **White House Office Essays:** Based on interviews with key personnel who have borne these unique responsibilities, including former White House Chiefs of Staff; Staff Secretaries; Counsels; Press Secretaries, etc. , WHTP produces briefing books for each of the critical White House offices. These briefs compile the best practices suggested by those who have carried out the duties of these office. With the permission of the interviewees, interviews are available on the National Archives website page dedicated to this project:
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EXECUTIVE SUMMARY

The National Economic Council (NEC), while a relatively recent creation of the White House, is an important tool for presidential administrations to utilize in their efforts to accomplish both their domestic and foreign economic goals. After a background on the initial purpose and founding of the NEC, this report gives a detailed breakdown of the Council's functions, its formal structure and organization, and potential challenges to the NEC's effectiveness. Finally, we close with recommendations for future evolution of the NEC.

The lessons learned from this exploration include the following:

1. The NEC staffing must be done with care, as a commitment to teamwork and coordination is essential to the “honest broker” function at the core of the office.
2. The NEC director has been drawn from a number of backgrounds, including media, academia, corporate America, and government. The skillset of the director should match the way the incoming White House conceptualizes the job. Unlike, for example, the Press Secretary or White House Counsel, the NEC has been far less stable in its function and prominence. Is the NEC going to lead on a large domestic economic package in the first year? Then perhaps a leader with advocacy and policy experience would be desirable. If NEC is seen more as a liaison to corporate America, then someone with a background in the private sector is needed.
3. The NEC has shown itself to be superior in some recent White Houses to more ad hoc policy making mechanisms. In the Clinton White House, major policies that went through the NEC process, such as trade and stimulus, fared much better than the health care plan, which would have benefited from the multi-agency, open process of the NEC. The major success of President Trump's first two years in office was his tax cut, which was shepherded start to finish by the NEC Director, Gary Cohn. Several other initiatives of Trump's presidency, such as the border wall and , which were not assigned to NEC, did not fare nearly as well.
4. The NEC's organization chart frequently has advisors with varying levels of specificity attached to their issue provenance. A White House should take time in deciding what issues to grant the high profile of a named NEC assistant tasked with leadership on this.

A title can create an impression of presidential interest and urgency, but at the same time it can create turf battles within the White House or between the NEC and various cabinet departments and agencies.

5. The boundaries between the CEA and the NEC, in terms of economic advising and analysis, should be drawn firmly at the start of an administration. If the leaders of these two crucial White House offices have an existing relationship, that would be an asset. Similarly, the issue jurisdiction between the Domestic Policy Council (DPC) and the NEC has been a challenge at various times. Clarity at the start of the policy process about where an issue will reside is crucial. Clarity also about who makes the jurisdictional decisions is highly advisable. This has typically been assigned to a person or persons in the Chief of Staff's office.

Critics of the NEC as an unnecessary layer of bureaucracy, which replicates aspects of DPC, CEA, and the Office of the United States Trade Representative (USTR), were prominent at its creation and have occasionally resurfaced (Baum 2018). Indeed, the NEC was almost eliminated during the 2000 Bush transition but Joshua Bolten, the incoming Deputy White House Chief of Staff for Policy, fought hard to keep it (Bolten 2013 Miller Center). Consequently, no White House since Clinton launched it in 1993 has seriously contemplated its elimination, even during White House reorganizations. This suggests that it is working, although not without challenges.

IN THEIR OWN WORDS: PAST NEC DIRECTORS ON THE NEC

- The National Economic Council was created in part to mirror the function of the National Security Council and to join both domestic and international economic interests, creating one economic staff.
- President Clinton saw the creation of the NEC as a way to “fix a process problem.” The goal was to create a space for the numerous economic interests and agencies to deliberate and problem solve.
- When turf issues between domestic and international economic interests occurred, President Clinton utilized the NEC as a way to manage and control these disagreements and ultimately come to a solution.
- Requiring people to work through the NEC and not around it created an environment that valued teamwork, deliberation, and communication.

Robert Rubin, the director of the NEC under President Clinton, notes that part of the impetus and purpose behind the creation of the NEC was to “fix a process problem.” According to Rubin, President Clinton believed that he “needed to find some instrument” capable of performing a role and function similar to the National Security Council, where a myriad of different economic agencies and interests could sit around a table, deliberate, coordinate, and solve problems. In addition to the NEC's deliberative and organizational benefits, Rubin says that another reason Clinton established the NEC was to “integrate domestic and international economic policy and ... integrate international economic policy and so-called foreign policy.” Instead of there being separate domestic and international economic staffs, the NEC would blend the two together, creating one staff instead of two and reducing confusion and bureaucratic complexity. Importantly, Rubin claims that the creation of the NEC was not ideological in nature, but was seen a pragmatic, problem-solving mechanism.

In this way it is perhaps helpful to view the NEC as a sort of team, and as Rubin reflects on what made the NEC a team while he was there, he says that President Clinton insisted that it be done that way. He states: “But he [Clinton] didn’t insist in the way a football coach might, by yelling at people or by handing down rules. It’s just the way he operated. It was accepted, it was a norm, if you will. It was a norm from the very beginning ... It was a norm in the sense that if you didn’t do it, it was viewed as bad behavior. That doesn’t mean people didn’t sometimes go around it in one way or another, either with the press or with the President or whatever, but it was a commonly shared norm everybody lived by and talked about and talked about each other with respect to.”

Rubin points out that part of why the NEC worked was that President Clinton didn’t let people go around it – they had to work through it. When people did try and go around it, he would refer them back to the NEC process. Additionally, when asked about key ingredients for making the NEC work, Rubin states that there were two essential components. “One is you had to put the right people in each of the relevant jobs so the people would be at least reasonably willing to work with each other. Secondly, you had to have a President who understood how to function in such a way as to support the process.” When looking qualities in building a staff, Rubin gives two critical characteristics. The first is obviously a deep expertise and knowledge of the relevant economic issues and subject matter. The second quality Rubin mentions is interpersonal skills. This helped create an environment where teamwork was valued, and staff were able to work and communicate with others beyond the confines of strict intellectualism.

When asked about his personal leadership style as head of the NEC, Rubin says that he was never one to court the press, a quality that Clinton sought after. “I had the view that if you had this job, one of the things you did was to try to publicly promote the President’s policies, but I wasn’t looking for publicity for its own sake. I wasn’t looking for a public profile for its own sake. That helps, because if you have somebody in there who is out to try to make themselves a public figure, others will quickly come to resent it I felt very strongly about a bunch of stuff and felt I was entitled to advocate my own view as long as it was absolutely clear that in managing the process, I was view neutral. It just worked.”

As can be expected, there was often tension and disagreement among members of President Clinton’s NEC, and as head of the NEC, Rubin was responsible for facilitating and managing those conflicts and debates. When dealing with controversial and contentious issues, Rubin says that “I had one view and would very often ask the person with the other view to come with me to the briefing, so it wasn’t simply a relying on my being view neutral and giving him a memo with all the things; they’d be in there with him. If Bob Reich and I had a difference, I would say, Bob, why don’t you come with me so the President can hear from you what you think? In those kinds of things people get to trust the process.” Critically, he goes on add, “that’s the way you have to do it if it’s going to work. It wasn’t that they *have* to do it, but that is *a* way to do it, at least. It helps it work.” Thus, the *process* of the NEC, where equal weight is given to voices and deliberation required, creates a sense among members of the NEC that the system and process works if properly followed.

The NEC probably reached the apex of its influence under Rubin, its first director, particularly in the first year of Clinton’s presidency. Rubin became known as “the man to see” about economic policy. Clinton was known to meet with only three people every day—his chief of staff, his national security advisor, and Rubin (Risen 1993). While the power of the NEC director has fluctuated at various times, no other director had Rubin’s combination of issue jurisdiction, presidential access, and media presence.

Disagreements could also occur about policy, jurisdiction, and strategy with other parts of the White House. The NEC can become embroiled in turf battles with the DPC and the NSC, the two other permanent policy coordination centers in most White Houses. As Chris Lu, former Cabinet Secretary in the Obama White House, put it when asked how to keep the NEC from clashing with the DPC “depends on the personalities and the division of responsibility” (Lu 2020). In the George W. Bush White House (2001-2009), the jurisdictional lines between DPC and NEC control could seem quite arbitrary. Deputy Domestic Policy Advisor Kristin Silverberg conceded that when it comes to DPC and NEC issue areas “there isn't any easy way to divide those....DPC had health care issues that went through Senate Health Committee and NEC had health care issues that went through the Senate Finance Committee. NEC had transportation issues if it flew or went on rails, but DPC had (other) transportation issues.” (Bolten, Silverberg Interview, Miller Center).

As one later NEC head, Keith Hennessey, put it, a core NEC function is to have an answer as to what the administration's policy is on a wide range of domestic and international economic proposals, at any given moment, whether that proposal is a bill working through a Congressional committee or a pending World Trade Organization decision (Hennessey 2010). This could be thought of as the “demand” side of the NEC, rather than the “supply” side in which it provides coordination and advocacy. Joshua Bolten, who almost singlehandedly convinced the incoming GW Bush team to keep Clinton's NEC alive, saw its utility because he had worked at the USTR under GHW Bush's administration, and had been confronted with the difficulty of finding out what the policy of the administration on an issue was. So the NEC can answer the demands of appointees and bureaucrats from across the government with questions about domestic and international economic policy.

More concretely, Hennessey laid out the job of the NEC this way: figure out which policy questions need a Presidential decision;

- get him the information he needs to make a decision, and make sure it's accurate, complete, useful, and well-presented;
- make sure he has maximum flexibility and as wide a range of options as possible, and that he understands the merits of the various options;
- make sure he gets recommendations from his advisors, especially when they disagree; and
- make sure we get a decision from him in a timely fashion.

Hennessey also includes monitoring early implementation of economic policies as they work through Cabinet agencies.

FOUNDING OF THE NATIONAL ECONOMIC COUNCIL

Established in 1993 by Executive Order 12835 by President Clinton, the National Economic Council (NEC) was tasked with four primary duties: to coordinate the economic policy-making process in both the domestic and international arena, provide economic policy advice to the president, ensure economic policy decisions and programs remain in line with the President's stated goals and that those goals are effectively pursued, and finally to monitor the implementation of the President's economic agenda. As previously noted by the first head of the NEC Robert Rubin, Clinton saw the NEC as a way to fix a process problem and create a similar instrument to the NSC in the economic policy sphere. Dolan (2003) notes that “the NEC had to be powerful enough to enforce policy coordination without stepping on the toes of competing cabinet officials, councils, and agencies.” In a structure similar to the National Security Council (NSC), membership on the NEC includes: the president and vice-president, national economic adviser,

national security adviser, domestic policy adviser, science and technology adviser, U.S. Trade Representative (USTR); Office of Management and Budget Director, Chair of the Council of Economic Advisers, Environmental Protection Agency Administrator, and the secretaries of state, treasury, commerce, labor, transportation, agriculture, energy, and housing and urban development. Clinton described the NEC in the following light: “I think when the history of this administration is written, one of the most significant organizational changes we will have made, and one that I predict all future administrations will follow, is the creation of the NEC and the development of a coordinated, disciplined national economic policy for global economy.” (Clinton 1995). However, the power of the NEC has risen and fallen depending on several factors idiosyncratic to each president, administration, and NEC staff. One pattern discerned by some is the NEC is at its strongest under its initial director in a president’s term, and tends to fall off in importance with subsequent directors (Breuninger 2018).

After running his campaign with “it’s the economy stupid” being front and center, the creation was not only a step in fulfilling this campaign promise, but also a way to coordinate a growing number of bureaucratic organizations involved in foreign and domestic economic policy. Dolan (2003) sees the establishment of the NEC as the Clinton administration seeking to create a mechanism capable of serving an organizational and deliberative role in combining both foreign and domestic economic issues. The intent was that the NEC could coordinate the disparate bureaucracies and provide a forum in which coherent economic policy might emerge, just as the NSC was intended to function with regards to foreign affairs and security policy.

While Clinton was the creator of the NEC, there had been embryonic examples of “team” decision-making in immediately prior administrations. Nixon had an Urban Affairs Council and later a Domestic Policy Council. Nixon also had a series of Cabinet Committees on Economic Policy (King and Riddlesperger 1996). Ford continued in a similar fashion. Reagan’s administration formalized a set of domestic policy committees covering topics like agriculture, economic affairs, commerce and trade, and so on. In all of these examples, the teams involved members of the White House staff, EOP staff, and relevant cabinet appointees. However, all of these policy mechanisms were typically lacking much international focus or expertise. So while the NEC membership included many of those same players, it also systematically crossed international and domestic agendas. Future White Houses should consider that something like the NEC was necessary even before its creation.

The immediate expectation was that the CEA would lose power and influence over economic policy with the creation of the NEC (King and Riddlesperger 1996). Indeed, two former leaders of the CEA, James Tobin and Robert Solow, who happened also to be Nobel prize winning economists, openly opposed the NEC as redundant and a threat to the CEA’s turf (Baum 2018). And just as the creation of the NSC was quickly perceived as a threat to the decision-making power of security focused cabinet departments, Treasury, Commerce, and Labor all had reason to fear centralization of economic decision-making in a formal part of the White House organization. The inclusion of these and other Cabinet agencies into the membership of the NEC could not disguise the further institutionalization of White House dominance over the policymaking process. Thus, the creation of the NEC must be seen as part of the century long removal of independent power from Cabinet officers and their departments, and centralization of power around the president’s personal office and staff (Pfiffner 2011).

For all the fears that the NEC would result in a diminishing of the DPC or CEA or Treasury Secretary, it is worth noting that the single greatest turf encroachment by an NEC director in its history was caused when an NEC director spoke out spontaneously on the projected cost of the invasion of Iraq. Lawrence Lindsey, who was George W. Bush’s first NEC Director, estimated

that the war could cost, on the high end, perhaps \$200 billion. This was at a time when members of Bush's national security team were estimating that the cost could be as low as \$1.7 billion or even zero, as Deputy Secretary of Defense Paul Wolfowitz, in perhaps one of the most doltish estimates ever issued by a U.S. official, proclaimed that Iraq could pay for its own liberation (Fallows 2013). Ironically, while Lindsey was fired for echoing the doubts of Democrats who opposed the impending war, his estimates were at least closer to the ultimate price tag, which soared into the trillions. Prior and subsequent NEC directors avoided opposing a core administration priority, particularly one largely outside NEC's mission. Being right is no defense in most White Houses for going outside the hierarchy.

FUNCTIONS OF THE NEC

While the NEC is involved in policy formation, advocacy, and even occasionally implementation (Hennessey 2010), the consensus of most former directors is that the NEC's chief role is that of an "honest broker." It should thus serve a deliberative body where important agencies and administration figures can coordinate their approaches to economic policies. It should be capable of managing and directing the formulation and monitoring the implementation of these policies while also overseeing the broad bureaucracy that has developed around domestic and international economies. (Destler, 1996; Juster and Lazarus 1997; Wildavsky 1996; Dolan 2003; Dolan and Rosati 2006). Destler (1996) sees the effectiveness of the council as determined by how well it serves in this role as an honest broker in facilitating the interests of competing actors in a useful and constructive way. Additionally, Wartell (2009) argues that it was the deliberative structure of the NEC which allowed many of President Clinton's economic policy initiatives to succeed. She asserts that those policy platforms not subject to the deliberative process inherent in the NEC, such as the health care plan in 1994, did not fare as well because the ideas were not tested or debated with as much scrutiny as those within the NEC.

At the head of the NEC is the national economic advisor, who serves the president as his top political and policy advisor on all domestic and foreign economic issues. The first national economic advisor was Robert Rubin, who was selected by President Clinton. According to Dolan, Rubin was picked primarily because of his managerial experience at Goldman Sachs and knowledge of the financial landscape. Dolan (2003) saw Rubin's appointment as not only the reflection of their shared vision of economics as high policy, but as a reflection of his promise to refine his administration's focus on the economy. The national economic advisor will often have to know when to serve as an advocate for specific policies and when to serve as a broker between competing interests. While some such as Dolan (2003) place a high value on a national economic advisor having knowledge and expertise in economics, labor markets, and finance, Wartell (2009) suggests that more important than these qualities is the temperament to serve as an honest broker. Specific expertise on economic policy remains important, and the president's cabinet should contain this knowledge, but Wartell sees more value in a national economic advisor's ability to seek out all kinds of analysis and create and mold a team capable of solving problems and creating economic solutions. However, while Wartell paints a virtuous picture of teamwork and collaboration, in reality the national economic advisor has often utilized their role to maximize their policy-making power. As Dolan argues: "During the tenures of Robert Rubin, Laura Tyson, Gene Sperling, and Lawrence Lindsey, these policymakers used the NEC as a political instrument

to maximize their power, to enhance their opportunities for economic policy action, and to overcome policy constraints by engaging in various forms of political manipulation.”¹

FORMAL STRUCTURE AND ORGANIZATION

CROSSING INTERNATIONAL AND DOMESTIC ECONOMICS

In addition to the national economic advisor, the formal structure of the NEC is comprised of three distinct levels: principals committee, deputies committee, and the staff. The senior level NEC principals committee coordinates and monitors the development of domestic and international economic policy. This is described by Dolan as a flexible instrument of the NEC, and a forum where cabinet-level officials can meet to discuss and resolve issues not specifically requiring the president’s attendance or participation. The deputies committee and support staffs are tasked with overseeing the interagency work. There are typically two deputies – one for domestic economic issues and one for international economic issues. Wartell notes that the deputies can have varied roles, as “President Bush made the NEC deputy assistant to the president for international economic affairs explicitly dual-hatted, so he or she served also as the deputy national security advisor. In practice, the deputy operated largely within the NSC’s orbit, with offices for the international economic team at the NSC.”²

In order to foster cooperation between the NSC and NEC, President Clinton added the national economic adviser and the treasury secretary to the NSC and merged the NSC and NEC staffs into a joint Office of Trade and International Economic Policy. Subsequent presidents have tinkered with the formal organization of the NEC in an attempt to create the greatest sense of harmony. Dolan and Rosati describe the structural reforms President George W. Bush gave the NEC: “both the national economic adviser and national security adviser would ‘share a foreign policy desk’ in order ‘to make sure the economic people don’t run off with foreign policy and vice versa.’ In addition, Bush enlarged the joint NSC/NEC global economics staff and added the newly created position deputy assistant international economic policy adviser to direct it.”³ While under his direction, President Bush emphasized how the forces of globalization made the NEC even more necessary for economic policy success. “Globalization has altered the dynamics in the White House, as well as between the White House and the Treasury. We have to respond to that.”⁴ Knowing that the relationship between the NEC and NSC might become contentious, Wartell notes that the president’s chief of staff plays a key role in instilling mutual respect between the two councils and reducing any potential tension.

As one of the largest new structures within the White House Office in recent decades, the NEC and its structure and makeup since its founding in 1993 is worthy of sustained analysis. The 24 positions that featured in its original structure were less clearly delineated in authority and ambit than later versions of the NEC. The NEC also showed itself to be quite successful as a stepping stone, as two of the names on the first chart, the director, Robert Rubin, and one of his assistants, Gene Sperling, went on to be among the most powerful economic advisors in the Clinton presidency. Rubin, promoted from the NEC to the Secretary of the Treasury, and Sperling, who became the third NEC Director later in Clinton’s presidency, both showed that at

¹ Dolan (2003): p. 231

² Wartell (2009): p. 17

³ Dolan and Rosati (2006), p. 103

⁴ Sanger, David E. (2001) Bush Plans to Stress Effects of Economics on Security. New York Times, January 16:A10

the start, the NEC was a place where future influence was solidified. While the departure of Rubin for the Treasury suggested that the NEC director was a less plum position than Treasury Secretary, the return of Sperling to precisely the same position suggested that it remained a puissant player in policy.

The 21 positions in the early Bush administration NEC are not significantly different in structure or issue focus. However, the lesser prominence of the names throughout Bush's tenure represents a sizable decline in power for the NEC. With the Obama administration, change at the NEC loomed. First, there seemed to be fewer positions (17), but these represent mostly a decline in administrative support listings. The remaining positions are much more tightly delineated in terms of policy area than had been the case for Bush or Clinton. For example, NEC employees were placed in charge of such specific areas as cybersecurity, innovation, manufacturing, financial markets, and three for health policy. Also, similar to the Clinton administration, the NEC was again a place where prominent economic players appeared. The initial director, Larry Summers, pulled a "reverse Rubin"—having served as Treasury Secretary under Clinton, he did not see it as a demotion to take the leadership of NEC. One of his deputies, Jason Furman, was also regarded as a force within the Obama administration.

By 2016, the shrinking of the NEC in terms of listed positions continued, now down to 15. It also had no staffers who had the prominence of, for example, Jason Furman, now ensconced at the Council of Economic Advisors. The emphasis on health care was gone, as was cyber security. In 2021, the NEC under President Trump once again emphasized different topics. International energy and environment, infrastructure, and trade, agriculture, and foreign assistance.

To an extent, the NEC staff titles have become methods of signaling presidential priorities. Removing an issue from the title of one of the deputies signals that big changes in that area of policy are not planned, or are so big that they will be handled separately, and the arrival of a new office signals a presidential intent to make policy or at least the desire to appear to have that intent. A cynic might observe that presidents have an array of such signaling methods, with the creation of a new cabinet agency representing the largest commitment, followed by a new office or "czar" within the White House under independent authority. Somewhere between the czar and the creation of a small office in some Cabinet department lies the naming of a deputy on the NEC with that title.

BACKGROUND OF DIRECTORS

The first three directors of the NEC can be thought of as three archetypes for the type of backgrounds that the NEC attracts, for directors as well as lower level appointees. Robert Rubin had served at the apex of the financial world at Goldman and Sachs. His successor, Laura Tyson, was a widely respected economist with a sterling PhD. Her successor, Gene Sperling, had an influential policy and political background. Of the nine directors that followed, two were in the mold of Tyson, with academic careers, three were drawn from the top echelons of private corporations, and three were most similar to Sperling in that they were more policy and political focused, but lacking in academic credentials. The current occupant, TV commenter Larry Kudlow, doesn't neatly fit any of those archetypes. However, his background has been helpful in his most prominent role in the administration, as a media advocate for President Trump's policies. Significantly, Kudlow has commented on a wide range of non-economic topics, in a way that couldn't be said to characterize prior NEC directors.

Table 1. NEC Directors and Tenure

Officeholder	Term starts	Term ends	President
Robert Rubin	January 25, 1993	January 11, 1995	Bill Clinton
Laura Tyson	February 21, 1995	December 12, 1996	
Gene Sperling	December 12, 1996	January 20, 2001	
Lawrence B. Lindsey	January 20, 2001	December 12, 2002	George W. Bush
Stephen Friedman	December 12, 2002	January 10, 2005	
Allan B. Hubbard	January 10, 2005	November 28, 2007	
Keith Hennessey	November 28, 2007	January 20, 2009	
Lawrence Summers	January 20, 2009	December 31, 2010	Barack Obama
Gene Sperling	January 20, 2011	March 5, 2014	
Jeffrey Zients	March 5, 2014	January 20, 2017	
Gary Cohn	January 20, 2017	April 2, 2018	Donald Trump
Larry Kudlow	April 2, 2018	Incumbent	

As compared to the Council of Economic Advisors, which is almost exclusively staffed and led by prominent academic economists, NEC is frequently led by people who don't have PhD's in economics. There is a far larger management and coordination aspect to NEC leadership than there is to CEA leadership, and a need for a greater political and policy sense (Hennessey 2010). Unlike directors of the DPC and NSC, which typically are led exclusively by policy wonks, the NEC has sometimes been led by corporate executives. There does not seem to be a partisan pattern, surprisingly, in the background of NEC directors. Democratic presidents have been almost as likely as Republicans to name corporate titans to the NEC post, and Republicans have been as likely as Democrats to appoint academic superstars.

CHALLENGES TO NEC EFFECTIVENESS

Like any office within the White House, the NEC's influence is typically deeply dependent on two factors: the president's agenda and the trust placed in the director and deputies by the president. If the issues of greatest concern are national security or non-economic domestic policy, the NEC's power naturally contracts. By contrast, when economic matters are white hot, the NEC should rise in prominence. Similarly, if the leadership of the NEC is close to the president, and perceived to be so by the rest of the administration, the NEC has more influence. If this becomes less true, then a number of similar competing structures can take portions of the NEC's traditional agenda, or issues can be handled in less formal ways. This is true even if the economy is at the top of the president's agenda. The DPC can quickly be assigned some of the less economic issues that the NEC might handle in another administration. The more international aspects can be grabbed

by the NSC, by the State Department, or, in the case of trade, by the United States Trade Representative (USTR), Department of Agriculture, or Commerce.

The NEC gets control over an issue if and only if a president, implicitly or explicitly, agrees that NEC should. For example, health care has appeared and disappeared as an NEC issue in different presidencies, demonstrating the precarious nature of NEC's agenda. Health care has massive economic implications, but it is far from a purely economic issue. Presidents have sometimes decided to handle it with an ad hoc committee and little NEC involvement, as President Clinton did. Bush relegated healthcare to the NEC with a single advisor who was also handling Social Security. Obama early in his presidency had three NEC advisors focused exclusively on healthcare, a large portion of the office's entire resources. By 2016, however, healthcare was not part of his NEC's core functioning. Trump has always had healthcare as part of the title of one NEC advisor's issue focus.

Another challenge for the NEC is managing the many large bureaucracies of the federal government who control a portion of economic policy analysis, initiation, advocacy, and implementation. While relevant cabinet agencies are represented on the NEC's principals and deputies committees, NEC directors have varied in their ability to coordinate policies with recalcitrant agencies.

A particular challenge for NEC's leadership during the Trump presidency has been to control administrative messaging on economic matters. Both of Trump's NEC directors, Gary Cohn and Larry Kudlow, had public spats with Peter Navarro, an economist who was a top advisor on trade policy to President Trump (White and Weaver 2020). While similar debates between NEC's leadership and various other economic players in the White House occurred in other administrations, they have never been this public. This may in part be explained by the odd evolution of Navarro's own economic perch within the White House. Initially, Trump created a National Trade Council for Navarro to lead. This was replaced by the Office of Trade and Manufacturing Policy in April 2017, again with Navarro as director, which eventually was folded into the NEC itself in September 2017. This meant that Navarro on paper reported to the NEC Director. However, by 2020, the staff chart of the NEC put Navarro on an equal status with NEC director Larry Kudlow, after he previously won new independence from the NEC with the intervention of President Trump (Rogin 2018). Having an equal status economic voice in the same hierarchy as the director is unprecedented in the history of the NEC. That Navarro's trade focus also usurped a huge portion of the traditional agenda of the USTR added to the perception of chaos.

LESSONS LEARNED FROM THE HISTORY OF THE NEC

Notably, Wartell makes a number of recommendations for how future presidents should make appointments and assign roles. Wartell argues that to ensure a more optimal balance of national security and diplomatic concerns and concern for American companies, workers, and consumers, the presidents should name a deputy economic advisor for international economics who operates through the NEC, with good coordination with his or her NSC counterparts. Wartell also argues for the establishment of working groups in key administration policy areas. These working groups should also convene to develop a new presidential initiative or a response to a new situation or major legislation. An NEC decision memo should also lay out the background, detail a set of options, and argue the advantages and disadvantages of each in an unbiased way. This sort of recommendation allows each advisor or agency to specify their own proposals regarding the options described and their reasoning in brief.

Most importantly for Wartell, the NEC must have strong ties to American business and labor. Strong bonds in these areas enhance the credibility of the president's economic policies and present opportunities not only for businesses but also for organized labor as well. She also recommends the NEC develop a strong relationship with mayors and governors, who might have a better idea of how best to serve the economic needs of local American communities.

Further enhancing the credibility and legitimacy of the NEC is a transparent policy-making process. This engenders trust among members of the NEC and could help further enhance its intended role as an honest broker among the various departments and cabinet members of the NEC. Wartell also advocates for NSC and NEC advisors conducting joint processes—with co-chaired meetings and co-signed memoranda—ensuring both perspectives are appropriately reflected from the start.

While Wartell focuses primarily on domestic economic issues and structural recommendations, Dolan and Rosati take a slightly different approach to their analysis, focusing instead on the intermestic role of the NEC. They assert three principal findings from their examination of the NEC's role as a deliberative body and its role in the policy-making process: First, they argue that the role of the national economic advisor has greatly expanded over the course of the council's life. While they may present themselves as honest brokers, in reality they often greatly influence policy. Secondly, the role of globalization has made the NEC a sort of filter for intermestic issues. Dolan and Rosati argue that, "Policy makers realize they need to manage and coordinate the policy process around intermestic issues if they hope to govern and lead policy."⁵ Finally, they argue that the institutionalized power of the NEC will only continue to grow as the forces of globalization and greater interconnectedness and complexity cause policy-making to be further centered in the White House among trusted and dependable advisors.

In addition to these recommendations, we offer the following cautionary advice. Presidents should decide what type of NEC director they are looking for before they initiate their search. If they are looking for a media advocate for the president's policies, perhaps emulating President Trump and selecting a media savvy personality like Lawrence Kudlow is appropriate. If they are looking for someone to craft, evaluate, and implement complex economic policy proposals, they may want to look to academia or policy think tanks for their Director. If they are most concerned about the honest broker who would coordinate agencies and the White House effectively, they should look to politics or those with private management experience, with of course some economic background.

Presidents also need to consider which issues to highlight as specific concerns of various parts of the NEC. In a sense, tasking an NEC advisor with a specific issue focus in the area of international or domestic economics is like naming a policy czar on a smaller scale. For some issues, this would be inappropriate, for a number of reasons. An issue may already belong to another part of the White House bureaucracy or be embedded so deeply in a single federal agency that putting coordinating power in the NEC will be perceived as a power grab and a loss of turf. Unless the president intends to send that message, and is willing to spend the political capital to do so, it would be unwise to do so. Second, some issues may be so large that the naming of a single NEC deputy to cover it would not suffice, and could be perceived as a signal that the president isn't really concerned with the topic. Conversely, an issue may be too small to merit inclusion on the NEC's list of named concerns.

⁵ Dolan and Rosati, p. 119.

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