

US Needs a Trade Czar

By Henry Butterfield Ryan

BILL CLINTON has proposed an economic security council comparable to the National Security Council (NSC). His remark spotlights a notion that rumbled around Congress, think tanks, and universities for years, then took hold. This year Democrats and Republicans in Congress and out started calling for such a council. We need it, they claim, because economic matters rival or surpass traditional security issues in importance.

Such a council is long overdue. President Bush should have established something of the sort four years ago when the need was equally apparent — except that he and much of the Republican Party have a predilection against anything smacking of government economic management.

In a survey I made in 1988 of our foreign-policy apparatus, it became astonishingly clear that no permanent top-level coordinating mechanism existed for economic policy, especially foreign economic policy. Today, the mechanism is even shakier. Conceivably, the NSC itself might take on an economic coordinating role but not as currently constituted. Among its members, only the secretary of the Treasury has an economic portfolio; moreover, that official is not a statutory member of the council, and a presidential directive says that sometimes "he will be asked not to attend."

Most NSC policymaking is done in subgroups, the main one being the Principals Committee. Again, the Treasury secretary, the only member with mainly economic responsibilities, does not always participate. Members with economic portfolios emerge only at the fourth and lowest NSC level. Among 10 interagency committees of assistant secretaries, one copes with America's international economic relations.

Just as the NSC has little economic expertise, neither does its

staff. A four-person unit serving the assistant secretaries provides what is available.

Until last March the Economic Policy Council, created by former President Ronald Reagan, furnished some overall economic coordination, mostly on domestic issues. Led by the Treasury secretary, it included heads of economics-oriented agencies such as the Commerce Department and the US Trade Representative, and security-related agencies like State, Defense, and the CIA. Like the NSC, it relied upon interagency task groups for staff work, but it also had a secretariat.

How big? Three and one-half people. That compares with 60 NSC staffers. But even there for-

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eign issues go short shrift. The "half person" looked after them while spending half his time on domestic affairs.

Last spring the Economic Policy Council disappeared, merged with the non-economic Domestic Policy Council to create the Policy Coordinating Group, further diluting White House economic planning. The new group has a secretariat of only four and lacks Cabinet membership or leadership.

Although various other economic-coordinating groups exist around Washington, they have nothing like the scope or influence of the NSC. Almost 30 agencies involved in international economics rely largely upon ad hoc coordination of their overseas policies, initiative coming more from subordinate than top layers of government.

Trade unquestionably ranks among the most important international economic issues, and Congress has long believed that the executive branch has not pushed it hard enough, subordinating it to diplomatic consider-

ations. Consequently, in 1963 Congress created what has become the US Trade Representative (USTR), continually strengthening that office. USTR has completely usurped the State Department's trade negotiating authority and now enjoys Cabinet rank despite having only some 160 employees.

Congress in 1980 created another player, the International Trade Administration (ITA), and situated it in the Commerce Department to stimulate foreign trade and investment. With more than 2,300 employees around the world, ITA gave Commerce major foreign responsibilities.

When Congress established the USTR, some members wanted a single overall trade authority.

Variations of that idea continue, with Japan's Ministry of International Trade and Industry often the model.

Last spring Rep. Leon E. Panetta (D) of California, in a government-reorganization bill, recommended that all agencies dealing with economic issues except Treasury be bundled into a Department of Economic Affairs. Sen. William Roth (R) of Delaware also has crafted a bill to combine USTR, ITA, the Export-Import Bank, and the Overseas Private Investment Corporation.

Traditionally, these ideas have flopped, mostly because they require difficult departmental reshuffling but also because bureaucrats and lobbyists invariably fight to preserve departments where they have vested interests. Furthermore, many members of Congress think USTR is highly capable and resist meddling with it, as many plans recommend.

Establishing an economic security council would be easier, less costly, and probably more effective than the changes these plans suggest. Furthermore, by coordinating our sprawling economic bureaucracy, it could alleviate many problems they are designed to solve.

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