

# National Journal

ANALYSIS

## 5 Economists Who Could Give the White House a Boost on Jobs

by Jim Tankersley

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PETE SOUZA/THE WHITE HOUSE

Pictured with the president, from left, are: Chief of Staff William Daley; Rob Nabors, assistant to the president for legislative affairs; Bruce Reed, the vice president's chief of staff; National Economic Council Director Gene Sperling; Jason Furman, principal deputy director of the National Economic Council; Office of Management and Budget Director Jack Lew; Senior Adviser David Plouffe; and Treasury Secretary Timothy Geithner.

*CORRECTION: The name of economist Carmen Reinhart was misspelled in a previous version of this story.*

President Obama has amped up his rhetoric on the job-creation front. He could use some new blood to help him turn it to action.

On Thursday in Michigan, Obama vowed, “Over the coming weeks, I’m going to be putting out more proposals, week by week, that will help businesses hire and put people back to work. And I’m going to keep at it until every single American who wants a job can find one.”

Fourteen million Americans are looking for jobs, which means Obama’s going to need some bigger ideas. For that, he could use a full-strength economic team. Obama’s top economic adviser, Austan Goolsbee, has decamped for his old teaching job in Chicago. His Commerce secretary left for China. His Treasury secretary is stretched thin; the chair of his National Economic Council is smart and savvy but not, technically, an economist.

From National Journal:

It’s a bad time to play short-handed. Growth is sputtering. Markets are trilling. A frustrated public sours more every day on Obama’s



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economic leadership. And Obama seems to have little chance of winning congressional approval for some of his existing proposals, such as major new infrastructure spending, because of near-record gridlock between Democrats and Republicans in Washington.

The president needs more than new advisers: He needs some bold new advice.

Here are five bold-thinking economists, each nominated by several left-leaning economists surveyed by *National Journal* as good candidates to fill Goolsbee's shoes as the chairman of the White House Council of Economic Advisers.

**Paul M. Romer.** An NYU professor (no relation to former CEA Chair Christine Romer) and an architect of so-called Modern Growth Theory, which deals with how innovation drives economies forward. Romer's research transcends the binary spending debates currently dominating the Capitol. He's interested in the much broader questions of how and why economies grow, and how to harness the power of marketable new ideas to drive growth, especially in a wealthy countries that are struggling to adapt to the rapidly changing economic realities of globalization.

As Romer [wrote](#) a few years back: "The challenge now facing all of the industrialized countries is to invent new institutions that encourage a higher level of applied, commercially relevant research and development in the private sector." That's not a partisan challenge, and a suite of policies to address it could do wonders for America now and in the future.

**Daron Acemoglu.** An MIT professor who wins raves from academic counterparts for his intellect, although some doubt that he would want to join the government-policy fray on the inside. Like Romer, he is big into theories of catalyzing innovation and growth – and he's not shy about offering suggestions.

In a [blog post](#) this week for the *Harvard Business Review*, Acemoglu assessed America's jobs and debt woes and declares "The Real Solution is Growth." He frets about patent protection, the pace of innovation and the diversion of top talent to the financial world.

His proposed solutions: Encourage more high-skilled immigrants to settle here, fund more efforts to commercialize research and focus on green energy (an Obama favorite). "All of this is easier to say than it is to do," Acemoglu writes, "but that's no reason not to use these principles to help us climb out of our current hole."

**Amir Sufi.** Professor at the University of Chicago Booth School of

Business (Obama! Chicago!), and a leading thinker on the oh-so-troubled housing market. Sufi has written [extensively](#) on the damage the foreclosure onslaught has inflicted on the U.S. recovery, and he has argued convincingly that the economy won't kick back into gear until housing prices are stabilized.

“The optimal policy response can only be formed if we know why the economy remains weak,” Sufi wrote in a Bloomberg op-ed this summer. “And in making the diagnosis, it is crucial to check ideology at the door and instead be guided by the data. And the data tell a compelling story: The main factor responsible for both the severity of the recession and the subsequent weakness of the economic recovery is the deplorable condition of the U.S. household balance sheet.”

Housing policy, it just so happens, has vexed this administration as much as, or more than, any economic issue.

**Carmen Reinhart.** Senior fellow at the Peterson Institute for International Economics, but you know her as the coauthor, with Harvard's Kenneth Rogoff, of the most widely respected book in Washington about the financial crisis: *This Time is Different: Eight Centuries of Financial Folly*.

Reinhart is a deficit hawk, which would increase her appeal to Republicans and anger some Democrats. She also happens to be generating some seriously creative ideas lately on how the United States can power through the sort of protracted slog that she and Rogoff contend typically follows a major financial meltdown. For example, Reinhart [told](#) Bloomberg's Al Hunt this month that one of the best ways to accelerate recovery would be forgiving debt for low-income households.

She also lines up with Obama on taxes, telling Bloomberg: “Average tax rates have to be higher, and Democrats have to accept that raising marginal rates may not be the way. But I think the tax issue has to be put on the table.”

**Rob Shapiro.** Chairman of the economic consulting firm Sonecon, and a former adviser to President Clinton and Vice President Al Gore, among others. He brings D.C. insider cred but also a fairly loud voice urging Obama to think big on economic policy.

Perhaps most intriguingly for Obama, Shapiro sees job-creation policy and politics intertwined, writing: “The president can lay a foundation for stronger job and income gains in a second term — if he's reelected — by campaigning for a new economic program.”

In a recent [blog post](#), Shapiro urged the president to “offer up a new program of ‘Big Ideas’ that directly takes on jobs, stagnating incomes, housing values, and the nation's debt.” He advocates a deeper cut in the payroll tax, a new government lending agency for small business, bridge loans for struggling homeowners, and

funding for community colleges to offer free IT training to anyone who wants it.



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