

**Sent:** Fri, 13 Jan 2012 14:33:41 -0500  
**From:** "Zients, Jeffrey D." <jeffrey\_d.\_zients@omb.eop.gov>  
**To:** "Baer, Kenneth S." <kenneth\_s.\_baer@omb.eop.gov>, "Mack, Moira K." <moira\_k\_mack@omb.eop.gov>, "Palmieri, Jennifer" <jennifer\_m\_palmieri@who.eop.gov>, "Baer, Kenneth S." <"/o=eop/ou=exchange administrative group /cn=recipients/cn=kenneths.baer38557727">, "Mack, Moira K." <"/o=eop/ou=exchange administrative group /cn=recipients/cn=moira\_k\_mack">, "Palmieri, Jennifer" <"/o=eop/ou=exchange administrative group /cn=recipients/cn=palmieri, jennifer m.cd6">  
**Subject:** FW: Follow up...  
[Fifteen years ago.docx](#)

FYI -- We did not reach out but he was always enthusiastic

**From:** David Rothkopf [mailto:]  
**Sent:** Friday, January 13, 2012 12:28 PM  
**To:** Zients, Jeffrey D.  
**Subject:** Follow up...

P6/b(6)

Attached is the piece I just filed for Foreign Policy in support of what you did today. Should be live in a little while...

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## **Goodbye Commerce Department, You Won't Be Missed**

Fifteen years ago, Susan Levine, then Senior Vice President of the Overseas Private Investment Corporation and I, recently having departed my not entirely un-senior post at the Commerce Department, circulated a memo to those who would read it that suggested the elimination of the Commerce Department and the consolidation of many of the important trade negotiating and financing agencies into a single department focused on trade issues. Today, President Barack Obama asked Congress for the authority to make this long-sought, common-sensical streamlining of the U.S. government a reality.

Obama has had a team, led by Jeffrey Zients, an extremely effective official who before he came to government was an innovative and successful business leader, working on this idea for a very long time now. Zients was methodical, reaching out to literally hundreds of current and former officials, business people, experts and others to understand what works, what doesn't and how things could be organized to better and more efficiently serve the American people. His proposals have been battled around at a senior level in the government, faced natural pressure from those whose turf was being threatened, faced equivalent pressure from those who just don't like change, and throughout it Zients & Co. have persevered. Several times they nearly made an announcement like that that was made today. Several times the project seemed dead.

But in the end, the effort advanced to the point of the President's request today because its principle advocate and the one who understood its merits most intuitively from the get-go was not Zients but his boss' boss, President Barack Obama.

The request, which would undo the years of bureaucratic confusion that turned Commerce and the much of the economic side of the U.S. government into the hodgepodge it is today, is first and foremost an effort to win from the Congress the power to do what Republicans on the Hill have long called for—start to reduce waste and inefficiency in the executive branch of the U.S. government. The broad reorganizational fast-track power sought by Obama is of a type no U.S. president has had since Ronald Reagan. But the request is balanced, allowing Obama to make broad proposals for change but requiring swift up and down Congressional approval for those changes from the Congress. In short, therefore, it is an area of potential bi-

partisan agreement and effective collaboration, a fact that has already been noted in early press coverage of the announcement.

Commerce and the Small Business Administration would be merged into a new entity that would also incorporate the Office of the US Trade Representative, Eximbank, the Overseas Private Investment Corporation, and the Trade Development Agency. Parts of Commerce that never belonged there in the first place, like NOAA, would move elsewhere—with NOAA heading over to Interior where it has always belonged.

Not only does the move make logical sense—bringing together all those agencies of the government that support the development of U.S. trade and the job creation associated with it—but it also would save, according to initial White House estimates, over 1000 jobs and it would save \$3 billion over ten years.

I note that in one of the early stories on the announcement, former Clinton White House Chief of Staff John Podesta, was quoted as saying that the plan will support U.S. competitiveness. This resonates with me both because he is right and because when we wrote that memo 15 years ago, it was Podesta who, despite the hue and cry from self-interested senior officials who wanted to preserve their fiefdoms, took it seriously and considered it. He, Jim Harmon, the then head of Eximbank, and just a couple of others were open to really considering the long-term benefits such a reorganization would bring.

Periodically during the intervening decade and a half, I would talk to a reporter who was doing a story on the bowl-of-spaghetti like organizational chart of the international economic side of the U.S. government and would hear of another cluster of folks who were supporting some similarly sensible slimming down of a confusing, bloated, bureaucracy. But those groundswells would recede and the issue would go back into hibernation.

Of course, things are very different now and the time is suddenly right to make such a move. The U.S. needs to tighten its belt. This kind of modest reform is, as some Republicans have already noted, just a first step. Much more can and should be done. But this is a logical, painless first step that is highly unlikely to be objected to by any major constituency being served by the agencies in questions...because in all likelihood, even with the cuts, the efficiency and enhanced coordination that would result from the consolidation would likely actually lead to much better service for

U.S. companies, consumers and others with a stake in our ability to tap into the global economy.

As the President accurately said referring to the multiple agencies he intended to fold together, "In this case, six isn't better than one."

Another reason the timing works for this is that substantial constituencies in both parties should and will actively support the move. Finally, the President has gained special credibility in this area due to the remarkable, if under-appreciated, success of his export initiative. Once dismissed as mere window dressing, the President's push to double exports over five years has seen a string of big successes: two years of export growth averaging over 16 percent thus keeping the U.S. on track for his goal, record lending by a much more aggressive and creative team at the U.S. Eximbank led by Fred Hochberg, the approval of three long-delayed trade deals, enhanced trade enforcement, and most importantly, exports contributing in a major way to wealth and job creation nationwide.

From its absurdly muddled mission statement to the sad little aquarium in its basement (which resembles nothing so much as a slightly expanded version of the kind of fish tank you would find in a downscale Italian restaurant in Plainfield, New Jersey), the Commerce Department is the Frankenstein's monster of the federal bureaucracy. It's all bits and pieces that belong in other places that have been sewed together by seemingly distracted or perhaps slightly inebriated Congressional committees. Meanwhile, U.S. trade is increasingly vital to our future and U.S. workers, consumers and exporters all deserve better support...and we could all do with eliminating wasteful spending. As a consequence, the President's move is welcome on its merits and as an excellent initial step toward more sweeping reforms.