Obama Bid to Cut the Government Tests Congress
Time.com
January 13, 2012
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WASHINGTON — President Obama on Friday announced an aggressive campaign to shrink the size of the federal government, a proposal less notable for its goal — the fight against bloat has been embraced by every modern-day president — than for the political challenge it poses to a hostile Congress.

Mr. Obama called on lawmakers to grant him broad new powers to propose mergers of agencies, which Congress would then have to approve or reject in an up-or-down vote. If granted the authority, he said, he would begin pruning by folding the Small Business Administration and five other trade and business agencies into a single agency that would replace the Commerce Department.

The White House estimated that the consolidation would save $3 billion over 10 years and result in reductions of 1,000 to 2,000 jobs. The savings is a mere rounding error in the $3.7 trillion annual budget, but the numbers may be less important than the message that Mr. Obama wants to cut wasteful spending.

"No business or nonprofit leader would allow this kind of duplication or unnecessary complexity in their operations," Mr. Obama said to an audience of small business owners at the White House. "You wouldn't do it when you're thinking about your businesses, so why is it O.K. for our government? It's not."

By putting the onus on Congress to provide the authority for streamlining the government, Mr. Obama is seizing a core Republican issue — the inexorable growth of the public sector in recent decades — and trying to turn it to his advantage. Even his language was reminiscent of Mitt Romney, the Republican presidential front-runner, who says he would use his experience in business to make government more efficient.

It is not clear whether Congress, where much of Mr. Obama's legislative agenda has languished, will go along with this initiative. Republicans were immediately skeptical, suggesting that the White House was more interested in honing its re-election message than in reducing the size of government.

Even Democratic leaders expressed misgivings about folding the Office of the United States Trade Representative, a stand-alone agency with just 227 employees, into a large bureaucracy, saying it could harm American trade policy.

"Making it just another corner of a new bureaucratic behemoth would hurt American exports and hinder American job creation," said Senator Max Baucus, the Montana Democrat who is chairman of the Senate Finance Committee, in a statement with Representative Dave Camp, the Republican chairman of the House Ways and Means Committee.

Despite regular vows by presidents to overhaul government — Mr. Obama made one in his State of the Union address last January — few have followed through. Those who did, like Richard M. Nixon, often met with failure. Scholars have mixed feelings about such reorganizations, with some arguing that they rarely lead to lower head counts, more effective departments or savings.

"My gut tells me those benefits will end up being much smaller than advertised, and the costs much larger," said Steven M. Teles, a political scientist at Johns Hopkins University, pointing to the time wasted during the consolidation and the changed political dynamic between the agencies and Congress.

But experts on government efficiency applauded the initiative, saying it was overdue, and some analysts said it made sense to combine agencies involved in business development, foreign investment and trade promotion into a single department with the mandate to promote American exports.

"If you look at American exports, it's dominated by big business," said Daniel W. Drezner, a professor of international politics at Tufts University. "If you want small and medium enterprises to get more involved in exporting" — a goal of the Obama administration — "having small business and the trade office in the same agency makes sense," he said. "So this could be a boon for that."

Mr. Obama emphasized the confusing tangle of agencies that businesses face when they seek help from the government. To illustrate the problem, he gestured toward a screen behind him that showed the dozens of Web sites, offices and customer service centers, many with overlapping functions.

The White House has been working on this plan since the president announced his streamlining goals last January. He recycled a colorful example of duplication from his State of the Union address: the Interior Department has jurisdiction over salmon in freshwater, while Commerce handles them in saltwater.

Mr. Obama noted that presidents had the authority to overhaul the government for 52 years, from the Great Depression until Ronald Reagan's presidency, when Congress withdrew the authority in 1984. He said he would authorize only reorganizations that cut costs and made the government more efficient.

Under the terms of the reorganization, five agencies — the Small Business Administration, the United States Trade Representative, the Export-Import Bank, the Overseas Private Investment Corporation and the Trade and Development Agency, plus the business and trade functions of the Commerce Department — would be consolidated into a single agency focused on helping the private sector.

Mr. Obama said he would elevate the director of the Small Business Administration, now Karen Mills, to his cabinet. The United States trade representative would retain cabinet rank, the White House said.

The president challenged Republican lawmakers to support an idea that they themselves have embraced. But he suggested that if they did not, he would use that opposition against them with the American public.

"With or without Congress, I'm going to keep at it, but it would be a lot easier if Congress helped," Mr. Obama said. "This is an area that should receive bipartisan support, because making our government more responsive and strategic and leaner, it shouldn't be a partisan issue."

Republicans did not dismiss the president's initiative, though some viewed it with a gimlet eye. "Yesterday, President Obama asked for a $1.2 trillion increase in the debt limit; today he is proposing to shrink the federal government," said Senator John Cornyn, Republican of Texas.

A spokesman for House Speaker John A. Boehner said that streamlining the government was a laudable goal and that Republicans would take a look at the plan. “We hope the president isn’t simply proposing new packaging for the same burdensome approach,” said the spokesman, Brendan Buck.

And, as one expert pointed out, there are sometimes reasons for the government’s byzantine structure — even on salmon regulation. “Just because it’s one fish doesn’t mean it needs to be regulated by one agency,” said Beryl Radin, a scholar in residence at American University and an expert on public management. “There are a lot of things, in terms of dealing with those fish, that are very different from one another.”

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