

Interest in White House transition process

Administration talks with both sides to get new officials in place

BY STEPHEN POWER

WASHINGTON—The Bush administration's proposed bailout plan for financial firms is ratcheting up interest in how quickly the next U.S. administration will be able to move new leaders into the federal agencies dealing with the crisis.

The question is particularly urgent in the case of the Treasury Department. The rescue plan proposed by the administration would give the department responsibility for buying from financial firms as much as \$700 billion of the souring mortgages and mortgage securities that are at the heart of the financial crisis. Although the Treasury Department would in turn hire asset managers to buy and dispose of assets, political responsibility for overseeing those contractors would lie with a new Treasury secretary, assuming the plan is approved by Congress.

Earlier this week, the deputy director of the White House Office of Management and Budget, Clay Johnson, who is leading the Bush administration's efforts to prepare the next administration to take office, testified before a House panel that the administration has designated transition coordinators at all federal agencies and that administration officials have met with representatives of both major-party candidates to encourage them to begin planning for an effective transition.

"If we've learned anything from the past two weeks, it's that the financial crisis transforms itself at warp speed," Donald F. Kettl, a professor of political science at the University of Pennsylvania who also tes-

tified at the hearing, said in an interview. "We will need top officials, in place and with decision-making authority, ready to respond instantly."

Neither U.S. presidential candidate is saying much about who they would pick to lead Treasury or fill critical jobs at the department. In an interview with CNBC on Sunday, Democratic candidate Sen. Barack Obama said he would want the current Treasury secretary, Henry Paulson, and other officials to be "deeply involved in the transition process." He sidestepped a question about whether he would ask Mr. Paulson to stay past inauguration day.

A spokesman for Republican nominee Sen. John McCain said "we're not going to comment on potential appointments, other than to say Sen. McCain recognizes the importance of the issue." Asked whether Mr. Paulson would consider staying in his post past Jan. 20 if asked, a spokeswoman for the Treasury secretary, Brooklyn McLaughlin, referred back to Mr. Paulson's statement in August that he looks forward to "doing other things...next year."

Ms. McLaughlin added that Mr. Paulson has encouraged his senior aides to work with the transition to ensure a smooth handoff.

The agency's transition team will be managed by Jim Wilkinson, Mr. Paulson's chief of staff; Peter McCarthy, the assistant Treasury secretary for management; and Ken Carfine, a senior official in the department's office of domestic finance and a 35-year Treasury Department veteran.

Governance experts say planning an effective transition in advance of Election Day is more important than ever; both because of the number of jobs that require Senate confirmation—more than 1,100—and the amount of time it takes to get nominees confirmed.

Norman Ornstein, a congressional expert at the American Enterprise Institute, a conservative Washington think tank, says the Senate takes between nine and 10 months on average to confirm appointees to top positions at government agencies, compared with about two months during the Kennedy administration in the early 1960s.

"I don't care who the president is... that's insane," Mr. Ornstein says. But drawing up transition plans carries political risks for candidates. After word leaked in July that Sen. Obama had begun transition planning, Republicans attacked him as presumptuous.

If recent history is any guide, whoever succeeds Mr. Paulson may have to rely heavily on the agency's career staff, at least initially. In 2001—when Mr. Bush began his first term—the Senate took nearly five months to confirm his nominees for deputy Treasury secretary and undersecretary for domestic finance, and nearly three months to confirm his nominee for Treasury's general-counsel post. A major reason for those delays was the decision by then-Sen. Jesse Helms (R., N.C.) to block a vote on their candidacies, to protest Customs Service textile-trade rules that he said would hurt his state.

"If past is prologue, the next president is going to have their secretary of the Treasury and the rest of the cabinet in place on inauguration day, but otherwise the cabinet secretaries will be home alone—they won't have their critical leadership teams in place and won't be as effective as they need to be," said Max Stier of the Center for Public Service, a Washington nonprofit.

Even if the Senate takes its time confirming nominees, the new president's appointees will be able to work at their agencies in an advisory mode.