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Obama II: Team of Insiders

By: Mike Allen and Jim VandeHei

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President Barack Obama, if reelected, would surround himself with a retooled senior staff and Cabinet consisting largely of familiar faces and political insiders, plus at least one outsider to tend to the disgruntled business community, according to top Democratic officials.

Obama has put little personal time into sketching out what a second-term team would look like, and some decisions hinge very much on the outcome of the congressional elections. But behind the scenes, top officials are doing a lot of the sketching for him as a flood of top administration players — Hillary Clinton, Tim Geithner, David Plouffe and others — are planning quick exits, even if the boss wins.

The working assumption is that Obama will face a divided government and want badly to get something done, even if it means cutting far-from-ideal deals with a Republican House.

Jack Lew, the current chief of staff, is central to a lot of the West Wing discussions. Lew has told friends he wants to get out of government and move back to his native New York, where his wife, Ruth, has remained. But he could be persuaded to stay or move over to Treasury. Lew has a few things essential to replacing Geithner: Obama's trust, strong congressional relationships and a squeaky-clean past that would allow him to be confirmed quickly.

If Lew were to leave his current role, Tom Nides, deputy secretary of state, would be a top, if not the leading, candidate to replace him. Nides and his wife, Virginia Moseley of ABC News, are close personally to the president and Michelle Obama. Nides has told friends he wants the job.

Ron Klain, the former chief of staff for Joe Biden, might have a shot, too. Klain, one of the sharper minds in politics, rubbed the president's team the wrong way by making his desire to get the job in the first term too widely known. He has since redeemed himself, Democrats say, and has become especially close to senior adviser Plouffe.

Some White House insiders think Valerie Jarrett, the close friend and senior adviser to Obama, might make a bid for chief of staff — a move that would set off a furious fight with her internal detractors.

With the first 100 days, and probably the entire four years, likely to be dominated by the economy, most of the focus right now is on the economic team, and getting people with Hill experience and credibility. "A second term, when you are navigating a tough Hill environment, is no time to experiment," said a Democrat who works closely with the current Obama team.

(Also on POLITICO: Swing-State Map)

Another top Democrat, who would love to see some young thinkers brought in, said: "The insularity will continue."

What is not entirely clear is whether Obama would plunge into a second term ready for partisan warfare, expecting scant GOP support again, or whether he would dedicate himself to cutting deals with House Speaker John Boehner (R-Ohio). Right now, the betting among his advisers is that he will choose deal-cutter.

The direction he chooses could very well determine whether Lew lands at Treasury. There are some people close to Obama who would like Treasury to go to Erskine Bowles, the co-author of the deficit-reduction plan that will be central to the debate in the first 100 days. He is widely respected for his intellect, but many around the president are deeply suspicious of his loyalty.

Two men are actively lobbying for Treasury: Roger Altman, the former No. 2 at Treasury, and Larry Fink, chairman and CEO of the BlackRock asset-management firm, have indicated to colleagues they would like the spot. Tony James, president and COO of Blackstone, and Roger Ferguson, president and CEO of the financial-management firm TIAA-CREF, are also knocked around as more remote possibilities.

It is important to remember that few people can clear the modern vetting for the Senate confirmation process, which often cuts down the list considerably.

Obama has been trying to get a top corporate leader with authentic credibility in the business community to join his team for years now.

Sheryl Sandberg, Facebook's chief operating officer and chief of staff at Treasury under Bill Clinton, might be asked to be Treasury Secretary or, more likely, to succeed Gene Sperling as director of the National Economic Council. The White House has been after her for some time now and she has told at least one insider she is interested but feels it would be impossible to leave given the wobbly state of her company's stock price.

Steve Case, the America Online co-founder and now a major evangelist for startups, is another possible outside appointment, perhaps for Commerce Secretary. Dan Doctoroff,

president and CEO of Bloomberg L.P., would be another possible ambassador to business.

"They have a problem they need to solve," said a top executive close to the West Wing.

In negotiating a tax reform and fiscal grand bargain, the three most important jobs would be chief of staff, Treasury Secretary and budget director. Jeff Zients, the current acting director of the Office of Management and Budget, would love to take the permanent job, and will likely get it. Rob Nabors, now the legislative affairs director, and formerly the deputy head of OMB, would be another top internal candidate to lead the office.

Sperling would be considered to head OMB or be the U.S. trade representative, or perhaps might be rewarded with an ambassadorial appointment.

Federal Reserve Chairman Ben Bernanke's term ends in early 2014. A top contender to replace him would be Larry Summers, Obama's first White House economic adviser and Treasury secretary under President Bill Clinton. Another possibility would be Janet Yellen, the current Fed vice chair. Geithner probably wouldn't do it, but might. For Federal Reserve governor, one candidate would be Alan Krueger, now chairman of Obama's Council of Economic Advisers.

John Podesta, chairman of the Center for American Progress and former chief of staff and current wingman to Bill Clinton, could have almost any job he wants. Podesta has turned down earlier offers but left the impression with officials he might take a prominent role in running energy policy, perhaps as energy secretary. Jim Rogers, the chairman, president and CEO of Duke Energy, who co-chaired the Democratic convention, is a possibility for energy, too.

Podesta's close ally and friend, Jennifer Palmieri, who serves as deputy communications director, would likely stick around for an elevated role, perhaps replacing communications director Dan Pfeiffer, who may leave after the election or assume a broader role as counselor, senior adviser, deputy chief of staff, etc.

White House spokesman Jay Carney may stick around. But if he leaves, the very heavy favorite to replace him is Jen Psaki, a favorite of White House insiders. Carney's principal deputy, Josh Earnest, also would be considered.

Massachusetts Gov. Deval Patrick would be a top bet to replace Attorney General Eric Holder. However, Holder has told people he wants to stay for a long time if he can.

There's some intrigue on the secretary of state front. The next secretary of state is likely to be Susan Rice, Obama's ambassador to the United Nations, or Senate Foreign Relations Committee Chairman John Kerry (D-Mass.). Rice has a close relationship with Obama and would be the likely choice today. One top Democrat said the second-term Cabinet will be "more personal picks" since Obama will be freer to nominate whomever he wants, with less regard to all the external factors that influenced many of the first-term choices. He is exceptionally fond of Rice, who has told friends she would like the job.

But Kerry impressed Obama aides with his convention speech and relentless effort on behalf of the campaign. The senator is playing the role of Mitt Romney in Obama's debate prep. Kerry, whose efforts over the years to socialize with Obama have not been

reciprocated, hopes the two will bond over the debates. But friends point out that his job in debate prep is to get up in Obama's grill, not something this president is known to appreciate.

Tom Donilon, the national security adviser, would be considered for secretary of state, and could be persuaded to stay in his current job. His deputy, Denis McDonough, is an Obama favorite and would likely get a big promotion in 2013.

Defense Secretary Leon Panetta is enjoying his job and could probably be persuaded to stay another year, associates said. His most likely successor would be Ashton Carter, who gets rave internal reviews as Panetta's deputy. An alternative would be Michele Flournoy, the former undersecretary of defense for policy and now a top Obama campaign national security adviser. She would be the first female Pentagon chief. Sen. Jack Reed (D-R.I.) is perennially mentioned for the Pentagon.

Some other possible picks:

- Michelle Rhee, the former D.C. schools chancellor, is rumored as possible education secretary but is such a lightning rod that she likely will not get it. Delaware Gov. Jack Markell, chairman of the National Governors Association, is a possibility.
- Julius Genachowski would likely leave as chairman of the Federal Communications Commission after the election. A possible successor is Jessica Rosenworcel, a new commissioner who would be the first woman to head the FCC.
- At the Environmental Protection Agency, Robert Perciasepe, currently the deputy administrator, and an EPA air and water chief under Clinton, would have the inside track for the top job.
- If Elizabeth Warren were to lose her Senate race in Massachusetts or Tim Kaine were to lose his in Virginia, Obama might offer a Cabinet slot as a consolation prize.

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