

Policy makers choose advisers on the basis of their trustfulness, competence and reliability. This paper formulates and characterizes the optimal choice of adviser, when facing different trade-offs. We first consider a leader who has available a loyal adviser with possibly correlated information, and a more independent but less reliable adviser. Then, we determine the choice between a competent adviser whose ideological alignment (loyalty) is uncertain, and a loyal adviser whose competence is unknown. In both cases, we uncover unexpected results. Under some conditions, an adviser may crowd out another adviser if she becomes more disloyal, or if the quality of his information deteriorates. Further, we establish conditions such that the leader optimally chooses to delegate to the most loyal adviser, or somewhat unexpectedly, to the least loyal adviser.