Obama Does It Again

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(THERE HE GOES AGAIN)

Still don't believe that the Democratic Party is far to the right of center (i.e. a corporatist party)? A barometer may be Obama's three Chiefs of Staff. Were they good men? What were their principles? Their background? Were they Progressives? Is there a trend? Let's review…

In December of 2008, Obama announced—to the befuddlement of Progressives across the country— unapologetic right-wing stooge Rahm Emanuel (formerly of Goldman Sachs) as his Chief of Staff…along with Tim Geithner, Robert Rubin, and Larry Summers to top positions. This was flabbergasting…if not tremendously unsettling.

To the collective relief of Progressives, in January of 2011, Obama announced the departure Emanuel. Alas, the relief was in vein: Emaneul's replacement was the Midwest Chairman of JP Morgan, William Daley—another unapologetic right-wing stooge.

Daly, we should recall, was an opponent of the Consumer Financial Protection Bureau. AND he was a critic of Obama's health care bill as TOO LEFTIST. You read that correctly: Obama selected a man as his Chief of Staff who thought that the already tremendously watered-down healthcare reform should have been more right-wing.

Think about that for a moment.

Emanuel had called liberals "fucking retarded" for…well…being "liberal". Meanwhile, Daley was a hedge fund manager and corporate lobbyist known for pushing Democrats toward business interests. Therefore, when this appointment happened, Progressives were dumbstruck: ANOTHER banker and corporate shill? (THAT doesn't sound like "change we can believe in".) What was going on? Why was Obama conducting himself like a slightly-diluted Republican?

Well, guess what: The very next January, Obama did it again.

In January of 2012, Obama appointing a THIRD right-wing stooge as his chief of staff: none other than Jacob Lew. Who is this guy? Lew was a corporate executive at Citigroup—overseeing the unit that profited off the housing collapse and financial crisis.

How do you like them apples?

Again: this isn't some small position in the West Wing. This is the president's ***Chief of Staff***. According to Obama, this man was THE BEST choice for that key role. Imagine that.

Lew was at the helm of Citi's then-$54 billion "proprietary trading" hedge fund and private equity department. A Citigroup fund run by Lew (amusingly called "Alternative Investments") invested heavily in the hedge fund of John "Abacus-2007AC1" Paulson. Yes, THAT John Paulson: the man who made billions off the collapse of the housing market by making outlandish bets on securities tied to sub-prime mortgages. (Recall: One of Paulson's largest bets at the time involved Goldman Sachs, which the SEC then charged with defrauding investors. It committed fraud by creating and selling exotic securities tied to sub-prime mortgages without disclosing that they were hand-picked by a hedge fund—the fund where Paulson was placing exorbitant bets on their failure.)

For Lew's work at Citigroup (work that included betting on the housing collapse), he received a salary of $1.1 million. After Citigroup received its $45 billion taxpayer bailout, Lew received another $900,000 from Citigroup as a bonus. $2 million for…what? Being part of the problem?

Indeed. Thank you, Lew.

That was all two weeks before joining the Obama administration. Interesting, n'est-ce pas?

To top it all off, in response to questioning from Senator Bernie Sanders about his role in the fiasco, Lew openly stated that ***he does not believe deregulation contributed to the financial crisis***. Read that again, just to make sure it sinks in.

To repeat: THIS is the best guy Obama could think of for the job. (I've worked with mentally-disturbed children who would have been a far better choice.) Lew hasn't the faintest clue what caused the economic crisis of 2008. And now he's Obama's right-hand man…only months after Elizabeth Warren was given the boot. Make sense?

Well, yes: It makes perfect sense if one is a corporatist shill.

In all honesty, we shouldn't be surprised by Obama's latest pick for Chief of Staff. It's the same old story. Note the figures who have enjoyed some of the top positions in the Obama administration:

- Robert Rubin of Citi-Group and Goldman Sachs
- Tim Geithner of Goldman Sachs
- Rahm Imanuel of Goldman Sachs
- Phillip Murphy of Goldman Sachs
- Edward Michael Liddy of Goldman Sachs
- Richard Perry of Goldman Sachs
- Larry Summers of Goldman Sachs
- Gary Gensler of Goldman Sachs
- Mark Patterson of Goldman Sachs
- Robert Hormats of Goldman Sachs
- Gregory Craig of Goldman Sachs
- Thomas Donilon (lawyer for Goldman Sachs)
- Diana Farrell of Goldman Sachs
- Stephen Friedman of Goldman Sachs
- Neel Kashkari of Goldman Sachs
- Mark Patterson (lobbyist for Goldman Sachs)
- Adam Storch of Goldman Sachs
- John Thain of Goldman Sachs

Notice a pattern? *

Are eighteen examples not enough for you? There are many other Obama officials indirectly associated with Goldman Sachs. For instance, Robert Rubin brought over many of his lackeys—each of whom were put into key positions (e.g. David Lipton, Michael Froman, Karen Kornbluh, Lael Brainard, and—of course—his son, James). Including all those people would probably double the size of the above list.

Meanwhile, Obama opted to appoint Gene Sperling to be the Director of the National Security Council. Gene Sperling? Who's that? Well, surprise, surprise: He's one of Robert Rubin's proteges. Go figure. Sperling–along with Lawrence Summers–was one of the main architects of the disastrous "Financial Modernization Act" (the keystone of financial de-regulation) that led to the 2008 economic disaster. Moreover, Sperling is one of the primary proponents of the utterly disastrous "Austerity" ideology…not to mention an ardent deficit hawk. And, by the way, ***HE ALSO WORKED FOR GOLDMAN SACHS***. (***In 2008 alone***–right after the economic catastrophe of which Goldman was an integral culprit–Sperling was paid about $890,000 by Goldman. Splendid.)

Note that this (highly disturbing) list doesn't include bankers from OTHER financial institutions whom Obama appointed to key positions within the Executive Branch. It is important to recall that some of those figures have been given top positions at the SEC (the body tasked with regulating the financial sector!) As with G.W. Bush before, the Executive Branch remains an orgy of conflicts of interest. (Still hoping for change? Keep hoping.)

It's almost as if Obama deliberately searched for figures who played an integral role in the 2008 economic collapse, or who actively promoted (and CONTINUE to promote) the disastrous right-wing policies that caused the crisis…**and specifically hand-picked them to be part of his administration.** There is very little that is Progressive about the Democratic Party when all this is considered "par for the course". Alas, it is par for the course.

The Obama administration's ties to the right-wing Hamilton Project (embedded within the Brookings Institute) should be a huge red flag for anyone who's actually paying attention. (Obama was the inaugural speaker of the Hamilton Project.) Amazingly, the first four directors of this notorious right-wing think-tank served in the Obama administration.

Go figure.

Here are sixteen of the Goldman Sachs-funded "Hamilton Project" operatives who've been formally involved with the Obama Administration:

- Peter Orszag
- Blair Effron
- Anne Fudge (via the Brookings Institution)
- Michael Granoff
- Richard Perry
- Laura Tyson
- Roger Altman
- Douglas Elmendorf
- Jason Furman
- Mark Gallogly
- Michael Greenstone
- Eric Mindich
- Robert Reischauer
- Steve Rattner

- Alice Rivlin

…and, yes, Jacob Lew

None of this should come as any surprise, as—in 2008—Citigroup, JP Morgan, UBS, and—of course—Goldman Sachs were four of Obama's top five campaign donors. (Other big donors: Citadel Investment Group, Morgan Stanley, and Credit Suisse.) Want to know why Obama is NOT a Progressive? Just follow the money. The explanation is as plain as day.

Question: After what happened in 2007-8, why—in heaven's name—would a new president (one who claimed to be a "man of the people" who was determined to *change* things) select anyone…ANYONE…who had been affiliated with Goldman Sachs? Other than the fact that these people probably don't know anything about macro-economics, such a move is in very, very bad taste.

No Joseph Stiglitz. No more Elizabeth Warren. Who's side is Obama on, anyway? What's going on here? Obama may be "less bad" than a G.O.P. president, but he's far from being a man who stands up to corporatism. In fact, he ***actively facilitates*** corporatism.

Let's be clear: The criticism of the Obama administration here is coming ***from the left*** (i.e. from the real political center). The solution to this problem is certainly NOT to vote for Republicans instead of Democrats. (Indeed, the G.O.P. is EVEN FURTHER to the right, and thus far, far worse.)

As things currently stand, the DP is the least bad of two bad options…which is precisely why we need a political party that's actually progressive (or, as Rahm Emanuel would say, "fucking retarded").

Therefore the solution (at least for the time being) is to pressure the DP to stop its corporatist ways…while still voting for Democratic candidates. The long-term solution is to (eventually) establish the CSP as a genuine alternative to the incumbent political Machine—a Machine, we should remind ourselves, that is patently anti-democratic.

The Obama administration isn't nearly as bad as a Republican administration would be, but it is essentially a Goldman Sachs administration—having been co-opted from top to bottom by corporatists. If Obama isn't a Wall Street president, then nobody ever was. So let's give a warm welcome to Jacob Lew! (Maybe the next Chief of Staff will be Lloyd Blankfein.)

We should support Obama for re-election. Indeed, we should support the DP one last time. After that, it's time for the CSP—a party that would rather die than be infested with Wall Street businessmen.

***** This list includes people who were integrally involved with GS, not necessarily full-time employees.

EPILOGUE:

After his re-election, Obama promptly (and predictably) nominated former Citicorp exec Jack Lew to replace corporatist Tim Geithner for secretary of the Treasury.

Lew long pushed for the deregulation of Wall Street. From 1998 to January 2001, he headed the Office of Management and Budget under President Clinton. During that time, Clinton signed into law two key laws to deregulate Wall Street: the Financial Services Modernization Act of 1999 and the Commodity Futures Modernization Act of 2000.

On financial matters, Lew has been a failure of epic proportions. He gets promoted precisely because he is so eminently useful to Wall Street interests. Then he comes into the Obama administration, and he was disastrously wrong. He tried very hard to impose austerity on the United States back in 2011. And he STILL will not own up to his role and deregulation’s role in producing the 2008 crisis (and not just this crisis, but the Enron-era crisis and the savings-and-loan debacle). So he produces disaster, profits from the disaster, and we pay him bonuses for causing the disaster
We then have the absurdity of the president of the United States saying that this is a man with a track record of unmitigated success. It is exactly the opposite. He is an appropriate successor to Tim Geithner, in that he has screwed up everything he has ever touched.

On January 10, independent Senator Bernie Sanders of Vermont criticized Lew’s nomination, saying, quote, “We don’t need a treasury secretary who thinks that Wall Street deregulation was not responsible for the financial crisis.” At a press conference at the White House that same day, President Obama praised Jack Lew’s record.

THEN, the very next week, Obama nominated Wall Street shill Mary Jo White to head the SEC. As with Lew, this was a blatantly awful choice. Less than a year previous, White gave a speech at NYU suggesting that banks may not have committed prosecutable crimes in the lead-up to the 2008 financial meltdown. This means that she’s either a moron or a liar. White is renown for defending the (obviously culpable) executives at large banks: Morgan Stanley, B.O.A., etc.
In other words, White has been an integral part of the flagrantly corrupt culture that has calculatedly undermined the power of the very law enforcement agency President Obama is now nominating her to run. Heck, even her husband is a major lobbyist against regulation of the financial sector. The entire thing is like a theater of the absurd.

Conclusion: Anyone who honestly thinks that Obama even remotely resembles a Progressive is nothing short of delusional. Meanwhile, the investment banks are cheering the nomination of one of their lapdogs…who has attired herself in “tough on crime” regalia.

Ancillary Note:

The revolving door between corporate boardrooms / lucrative lobbying positions and appointments as public officials is often defended by the following myth:

“Bankers and corporate executives are hired as advisors because they are ***most familiar with*** the industry the department is overseeing.”

This contention (essentially, a rationalization for corporatism) is so utterly absurd as to not be worthy of comment. However, there are some people who are obtuse enough to actually take it seriously. So I’ll indulge them with a brief response.

Take the following proposition:

“Stupendously successful drug-lords are more familiar with drug cartel activity, so we should hire them to advise drug policy and to oversee the DEA…even when they plan on benefitting later from involvement with drug cartels.”

Think this sounds ridiculous? You should. It IS ridiculous. By WHY is it ridiculous? (Hint: It’s not because drugs are bad for you.)

Oddly, in some ways, it’s actually a BETTER argument than the “corporate executives know business best” argument. How is this? Drug lords ACTUALLY DO know the illicit-drug business better than most of us. Meanwhile, bankers have demonstrated over and over and over again that most of them actually do NOT know what the heck they are doing. (Remember 2008?)

But let’s put that aside. Even if they are magnificently competent at what they do, they have proven their motives are antithetical to the public interest. Points in case: John Paulson, Tim Geithner, Hank Paulson, Jack Welch, Dick Fuld, Lloyd Blankfein, Chuck Prince III, and on and on and on. These men were stupendously successful…NOT at promoting the general welfare, but at accumulating gigantic fortunes for themselves…and doing so, need we add, via means that were—shall we say—morally dubious.

So, should we assess their merit based on this (myopic) treatment of their fantastic “business savvy”? Is that the ultimate standard for public office? (Ever heard of wolves running the hen house?)

Putting raw competence aside, let’s look at the equally relevant criterion: MOTIVATION. The most successful drug-dealers are profoundly competent at what they do; it is their MOTIVES that are at issue. That is to say: it is their ENDS which are the problem, not their acumen for achieving their ends.

Let’s put this another way: It is not sheer “business savvy” that is the ultimate standard by which we should assess qualification for public office—especially when that public office is charged with “keeping in check” the very business interests at which the person is so savvy at promoting.

It is for this reason that the appointment of a drug-lord as a government official is a very bad idea. This logic holds whether or not we agree that drugs should be illegal. The underlying logic applies whether we are talking about cocaine, toxic financial instruments, or breakfast cereals. If you want to ascertain what policies on, say, drug-use are most in the public interest, you do not put drug-dealers in charge. For the same reasons, if you want the economoc policies most conducive to the common good, you do not put Goldman Sachs executives at the helm. This couldn’t possibly be more straight-forward. (Shame on anyone who refuses to recognize this.)

Common sense tells us that if we empower bankers and corporate executives to advise policy on (and oversee) the very activities in which they have a vested interest, though THEY will be well-served, the general welfare will not be. The result of giving such figures key positions in government is quite obvious: A glaring conflict of interest…and the introduction of dubious motives into positions of public service.