

# The Carlyle Group: ex-government officials cash in

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The incestuous ties between the Bush administration and the corporate world are highlighted by its relationship with the Carlyle Group, a leading private equity firm.

Private equity companies buy undervalued businesses and then resell them for a profit. It is a highly profitable field open to only the wealthiest players. It has returned an average profit of 34 percent per year over the past decade.

The Carlyle Group became a major force on the world financial scene by employing prominent ex-officeholders, such as former President George Bush, to provide a foot in the door to government ministries around the world.

Recent activities of the senior Bush include a meeting last fall with King Fahd of Saudi Arabia. Bush also met with the prime minister of South Korea and other government officials, paving the way for Carlyle to acquire KorAm Bank, considered an important prize because of its relatively strong financial position. Each speech he gives on behalf of Carlyle generally nets the former president \$80,000 to \$100,000.

Carlyle's ties to the Bush family date back more than a decade. In 1990 Carlyle placed George W. Bush on the board of directors of one of its subsidiaries, Caterair, an airline catering company.

Charles Lewis, executive director of the Center for Public Integrity, commented, "Carlyle is as deeply wired into the current administration as they can possibly be. George Bush is getting money from private interests that have business before the government, while his son is president. And, in a really peculiar way, George W. Bush could, some day, benefit financially from his own administration's decisions, through his father's investments."

In addition to the elder Bush, Carlyle employs former

Secretary of State James Baker and former British Prime Minister John Major. The firm's advisory board lists such international figures as former President Fidel Ramos of the Philippines and the former prime minister of Thailand. Karl Otto Pohl, former president of Germany's Bundesbank, is also an advisor.

According to a report in the March 5 edition of the *New York Times*, "Carlyle has ownership stakes in 164 companies which last year employed more than 70,000 people and generated \$16 billion in revenues. About 450 institutions—mainly large pension funds and banks—are Carlyle investors..."

"The California state pension fund invested \$305 million with Carlyle, and the Texas teachers pension fund—whose board was appointed when George W. Bush was governor—gave Carlyle \$100 million to invest in November."

Carlyle is reportedly the eleventh largest defense contractor in the US because of its ownership of companies making tanks, aircraft wings and other equipment. It is also heavily invested in telecommunications, another field that is strongly affected by government policy.

Frank Carlucci, a former defense secretary under President Ronald Reagan, who is Carlyle's chairman, met with his former college classmate Donald Rumsfeld, Bush's secretary of defense, in February. The two reportedly spoke about "military matters" at a time when Carlyle has billions of dollars worth of defense projects under consideration by the government.

Carlyle is currently pushing for funding of the Crusader heavy-duty tank, which is built by one of the companies it owns. Carlyle recently lodged a complaint with the government after another one of its companies lost a \$4 billion contract to make a lightweight combat

vehicle.



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