

A look at Obama's "economic team"

Tom Eley

25 November 2008

President-elect Barack Obama's choices for top economic positions underscore the fact that his administration's overriding priority will be to secure the interests of the financial elite. The economic appointments have been welcomed by the political establishment and media as "centrist" and "center-right."

Obama announced that Timothy Geithner, head of the Federal Reserve Bank of New York, will be Treasury secretary, and Lawrence Summers, the former Treasury secretary under Bill Clinton, will lead the National Economic Council. The announcements were made at a press conference devoted to the economic crisis. [See, "Obama holds press conference, promises 'whatever is required' for Wall Street"]

Geithner has been intimately involved in the federal bailout of the financial industry, working closely with Federal Reserve chief Ben Bernanke and current Treasury secretary Henry Paulson. It has been reported that Geithner was the principal architect behind the government-backed bailout of Bear Stearns, among other deals.

Geithner began his career with Kissinger Associates, Inc., in Washington, D.C., a consulting firm founded by former Nixon Secretary of State Henry Kissinger. He worked his way up in the Clinton administration to under secretary of the Treasury for International Affairs from 1998 until Clinton left office. In that capacity he worked under both Clinton treasury secretaries, Robert Rubin and Lawrence Summers.

Before being appointed as president of the New York Fed, Geithner worked as a policy director for the International Monetary Fund and was a senior fellow at the Council on Foreign Relations, a leading diplomatic think tank.

The financial elite delivered its verdict on Geithner's selection on Friday. When the Obama transition team

leaked word of his selection, the markets rallied. The Dow Jones industrial average climbed 494.13 points, or 6.5 percent. Geithner will be considered "Wall Street's man" in the Obama administration.

Lawrence Summers, Obama's selection to head the National Economic Council, was a leading economic official in the Clinton administration. As Treasury secretary, Summers became famous for using federal budget surpluses to pare down the national debt, even as Clinton slashed social spending.

Summers reputedly played a critical role in designing Washington's emergency response to the Mexican and Southeast Asian financial crises (1995 and 1997).

Summers served as president of the most elite American college, Harvard University, from 2001 until 2006. He played a reactionary role as the head of the university, denouncing students protesting Israeli policies and calling for the reintroduction of the Reserve Officer Training Corps (ROTC) at Harvard. He eventually resigned from his post after an uproar following remarks in which he said "intrinsic aptitude" was likely the main reason for the under-representation of women in the sciences.

Obama appears set to name Peter Orszag as director of the Office of Management and Budget. An economist with a PhD from the elite London School of Economics, Orszag has served as the director of the US Congressional Budget Office since January 2007. Previously he was a Senior Fellow at the liberal think tank the Brookings Institution, and served in the Clinton administration as Senior Adviser on the Council of Economic Advisers.

Orszag is an advocate of revamping Social Security. He co-authored a book in 2004 called *Saving Social Security: A Balanced Approach*. In it, Orszag argues that a fundamental reason for the predicted insolvency of Social Security is that life expectancy "has risen by four years for men and five years for women since

1940," "making benefits more valuable to recipients," but more costly. To address this dilemma, Orszag advocated a combination of payroll and "benefits adjustments"—i.e., cuts in social security payments to retirees.

Jason Furman will likely serve as a senior economic adviser. Furman has expressed support for setting up private social security accounts and cutting benefits. Furman has headed the Brookings Institution's Hamilton Project, an economic think tank founded by Robert Rubin.

A *New York Times* article on Monday, noted that Geithner, Summers, Orszag, and Furman are all protégés of Robert Rubin, whose advocacy of deregulation of financial institutions and markets has contributed to the current economic crisis. Rubin also played a leading role, as a senior adviser, in the policies adopted by Citigroup that have led it to the brink of ruin—and a second government bailout in two months.

As commerce secretary, Obama will name Bill Richardson, the governor of New Mexico, who served as energy secretary in the Clinton White House (1998-2000). Before becoming governor of New Mexico, Richardson also worked for Kissinger Associates and served on the corporate boards of several energy corporations.

To head the Council of Economic Advisors, Obama appointed University of California at Berkeley economist Christina Romer. Like the other selections, Romer, a career academic, has been called a "centrist."



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact