As Democrats seek to dampen popular expectations

Obama administration begins to take shape

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Three days after Barack Obama's election victory, the initial moves by the president-elect to prepare his administration already show that his policies will be determined not by popular expectations, but by the domestic and foreign policy interests of the American financial and corporate elite.

Obama and Democratic congressional leaders are well aware that these policies—further measures to secure the social interests and personal wealth of the financial aristocracy at public expense and the continued use of military violence in the Middle East and Central Asia—clash with the will of the electorate, which sought to reverse these policies by sweeping the Republicans out of power. That is why the Democrats are seeking to dampen expectations of a serious change of course.

The personnel of Obama's transition team and his first major appointment stand in obvious contradiction to his campaign rhetoric about "change," "new politics," and "building a movement from the ground up." The individuals selected are all fixtures of the political establishment, with close ties to powerful corporate and financial interests.

Obama's transition team, which will assist in assembling his cabinet, is headed by John Podesta, former chief of staff to Bill Clinton and one of Washington's most successful corporate lobbyists. Co-chairing the transition team are Valerie Jarrett, a long-time Obama advisor, Chicago real estate executive and influential figure within the Chicago Democratic Party machine, and Pete Rouse, a Washington insider and Obama's senate chief of staff. (See: "A closer look at Obama's transition team").

Obama's first appointee is Rahm Emanuel, who will serve as his chief of staff. The Illinois Congressman is a leading member of the right-wing Democratic Leadership Council. While running for Congress in 2002, he supported Bush's bill to authorize military force against Iraq. A former investment banker, he has close ties to financial interests and is one of the biggest recipients of campaign cash from banks and investment firms.

Sources close to Obama have leaked names on the list of candidates for the position of treasury secretary—no doubt as a means of reassuring Wall Street. Included are former Federal Reserve Chairman Paul Volcker, former Clinton treasury secretary and current Citigroup executive Robert Rubin, another former Clinton treasury secretary, Lawrence Summers, and Timothy Geithner, the New York Federal Reserve Bank president.

All of these individuals played leading roles in the deregulation of the banks and investment houses that facilitated the super-profits and massive CEO compensation packages of the 1990s and first half of the current decade, and contributed to the financial collapse that is now plunging the US and the rest of the world into the deepest recession since the 1930s.

Geithner has played a central role in the government bailout of Wall Street banks and other major firms, such as insurance conglomerate AIG and the mortgage finance giants Fannie Mae and Freddie Mac.

As Federal Reserve chief under Jimmy Carter and Ronald Reagan, Volcker was responsible for the high interest rate "shock therapy" which decimated American industry in the early 1980s and led to the impoverishment of entire regions.

There is much speculation that Obama will ask current Defense Secretary Robert Gates to stay on in the same capacity, at least on an interim basis. Gates recently gave a speech expanding the doctrine of "pre-emptive war" to include the use of first-strike nuclear attacks.

Other names broached for the positions of defense secretary and secretary of state include former Bush Secretary of State Colin Powell, outgoing Republican Senator Chuck Hagel of Nebraska, and Anthony Lake, who as Clinton's national security advisor played a key role in US military interventions in Haiti and the Balkans.

Obama's actions since Election Day have been

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calculated to signal to the ruling elite his readiness to defend their interests and not be swayed by the will of the electorate. To underscore his intention to seek a consensus with the defeated and discredited Republican minority, he will meet on Monday with Bush. The traditional White House meeting between a president-elect and the outgoing president normally takes place much later in the transition period between administrations.

To demonstrate that his first priority is shoring up the major banks, Obama's first post-Election Day meeting will be held today with his top economic policy advisers. The meeting will include Volcker, Rubin and Summers, along with billionaire investor Warren Buffett, former Clinton labor and commerce secretaries Robert Reich and William Daley, Clinton economic advisor Laura Tyson, Google Chairman Eric Schmidt, Time Warner Chairman Richard Parsons, XEROX CEO Anne Mulcahy, Residence by Hyatt CEO Penny Pritzker, former Bush administration Securities and Exchange Commissioner William Donaldson, and Michigan Governor Jennifer Granholm.

Meanwhile, a series of statements by leading Democratic figures have emphasized their intention to pursue a "centrist" policy—by which they mean a conventional, i.e., right-wing, policy.

Speaker of the House Nancy Pelosi, Democrat of California, spelled this out in no uncertain terms on Wednesday, advising Obama that he must "bring people together to reach consensus" on issues like the economy and the war. "A new president must govern from the middle," she said.

Leon Panetta, former chief of staff to Bill Clinton, said, "He's got to lower some expectations, indicate the limits he's confronting."

A basic premise of the talk about lowering expectations and delaying making good on campaign promises for health care reform, middle class tax cuts and other social measures is the claim that massive increases in the budget deficit preclude such outlays. Of course, the worsening budget crisis is the direct result of the allocation of more than $2 trillion in taxpayer money to bail out the banks, with the auto companies and other industries lining up for similar government handouts.

No Democratic leader has explained why there are unlimited taxpayer funds available for the banks, but no money to address the increasingly desperate economic situation facing the working class, including millions of home foreclosures, soaring utility shut-offs, collapsing retirement accounts and mounting layoffs.

The media has joined in the effort to dampen expectations. *Newsweek* warns, "Obama Won't Meet Everybody's Expectations." The *San Francisco Chronicle* explains, "Surely, President-Elect Barack Obama must prepare his supporters for the difficult circumstances that he, and this country," must undergo.

Yesterday's *New York Times* published an article, "Obama Aides Tamp Down Expectations," describing Obama's efforts to "temper hopes that he would be able to solve the nation's problems." "The economic crisis" the *Times* notes, "will certainly complicate Mr. Obama's more ambitious domestic efforts."

On the same day, under the headline "Next Administration Shows Signs It will Seek Middle Ground with Business on Thorny Issues," the *Wall Street Journal* reassured the moneyed elite that in an Obama administration, "a bill that would make it easier for unions to organize workers, efforts to regulate greenhouse gas emissions, and a slew of contemplated taxes will likely take a back seat." The article continued, "Several of Mr. Obama's top economic advisers, including former Federal Reserve Chairman Paul Volcker, billionaire investor Warren Buffett, and former Treasury Secretary Robert Rubin—are moderates and reassuring figures to the business community."

Obama's first moves as president-elect have underscored some basic political facts. First, there is a fundamental contradiction between the hopes and aspirations of the vast majority of people who voted for him out of anger and disgust with the Bush administration and the Republicans, and the class character of the Democratic Party and the social and economic interests it defends.

Second, these moves underscore the cynical and fundamentally anti-democratic character of the electoral process itself, in which promises are made by candidates who know full well that, once in office, their polices will be determined not by election promises but by the demands of the ruling elite and the exigencies of American imperialism.

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