

# Emanuel resignation highlights crisis of Obama administration

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The decision of White House Chief-of-Staff Rahm Emanuel to resign his position to run for mayor of Chicago marks the fourth departure of leading administration advisers in just over two months.

Emanuel's resignation, officially announced by Obama on Friday at a White House news conference, follows the resignations of Office of Management and Budget (OMB) head Peter Orszag on July 30, Council of Economic Advisors chair Christina Romer on September 3, and the announcement on September 21 that National Economic Council Director Lawrence Summers will step down at the end of the year.

Emanuel will be replaced, for now on an interim basis, by Peter Rouse, currently a White House adviser in Obama's inner circle.

A wave of retirements in the top national security positions is also anticipated. According to Reuters, "White House national security adviser Jim Jones is expected to step down later this year. Defense Secretary Robert Gates, a holdover from the Bush administration, has signaled his intention to resign sometime in 2011, when Admiral Mike Mullen, the top US military officer, is also expected to retire."

While no doubt there are varying circumstances behind each resignation and presumptive resignation, taken together and given their timing on the eve of the off-year elections, the departures can only bespeak an administration in crisis and riddled with internal divisions.

The resignations come just before what are expected to be substantial Democratic Party losses in the midterm elections, and in the context of the insoluble economic crisis, the gathering threat of military debacle in Afghanistan and Pakistan, and intensifying global conflicts among the great powers.

Obama's landslide victory in 2008 represented the popular repudiation of the Republicans and George W. Bush, one of the most despised presidents in US history. Millions of workers and young people voted for Obama hoping that his talk of "change we can believe in" and the fact that he himself is an African-American would result in an administration that would break from the pro-business policies and wars of Bush and adopt progressive reforms. After Obama's victory, the Democrats controlled not only the White House, but large majorities in both the House and Senate.

In the 20 months since his inauguration, Obama has drastically escalated the war in Afghanistan, increased US military spending, announced a long-term freeze on discretionary social spending, and stepped up the Bush administration's attacks on democratic rights. As a result, tens of millions of working people and youth have been alienated, while many of Obama's powerful backers on Wall Street and in the military-intelligence apparatus, seeking still more reactionary policies, have shifted their support to the Republicans.

By all accounts Emanuel played a critical role in the administration in every area of policy. When Obama selected Emanuel for chief-of-staff, the move was hailed by the media as a sign the White House would take its lead from the more conservative forces within the Democratic Party. As a congressman from Chicago Emanuel was a member of the conservative Democratic Leadership Council (DLC), voted in favor of authorizing the Bush administration to invade Iraq in 2003, and was a major player in securing passage of the Wall Street bailout in 2008. Away from politics for only four years, Emanuel took home \$18 million between 1999 and 2002 as an investment banker.

Emanuel made clear early that a central focus of his

tenure would be to rein in and defy the liberal wing of the Democratic Party and the bulk of the electorate that voted for Obama. Asked after his appointment by the *Wall Street Journal* whether “liberal majorities” in Congress would “have their way” with President Obama, Emanuel replied, “Barack Obama can stand up to them” and that the White House would not seek “to satisfy any constituency or ideological wing of the party.”

But the loss of Emanuel in no way signifies a move by the administration to the left or a concession to its liberal backers. This is demonstrated clearly enough by the promotion of Rouse to replace Emanuel.

A longtime beltway insider and for many years the chief of staff for former Senate Majority Leader Tom Daschle—in which capacity he was dubbed the “101<sup>st</sup> senator”—Rouse is identified with the right-wing factions within the Democratic Party, advocating “working across the aisle” with Republicans. He is virtually unknown to the public.

So far the other major departures are all from Obama’s economic team and are related to the administration’s failure to significantly ameliorate the economic crisis. From Obama’s inner circle of economic advisors, now only Treasury Secretary Timothy Geithner remains.

The first to go was Orszag. Just over one month after resigning, the former director of the OMB penned a column for the *New York Times* in which he expressed differences with Obama’s declaration that he would allow to expire Bush-era tax cuts for the top 2 percent of income earners.

Orszag’s column was widely seen as a rebuke to the White House over its attempt to appeal to working class voters over the tax cuts. Congressional Democrats have since agreed to take discussion of extending the cuts off the table prior to the elections. A so-called “budget hawk,” in the same column Orszag called for cuts to Social Security and a value added tax targeting the spending of working class Americans.

The next to go was Romer, whose name will forever be associated with her prediction, early in the Obama administration, that the unemployment rate would not rise past 8 percent. It has been at or near 10 percent for 14 months consecutive and counting.

Like Orszag, it did not take long for her to articulate differences with the administration, but from a different

standpoint. In a September 1 speech to the National Press Club, two days before her official resignation, Romer associated herself with liberal economists then calling for a second stimulus package—which Obama had already ruled out.

The White House is attempting to contain the tensions that led to these resignations through internal promotions. Obama’s replacements for Romer and Orszag are campaign economic adviser Austin Goolsbee and former Clinton OMB director (and Citigroup executive) Jacob Lew, respectively.

No replacement has yet been named for Summers, but the administration’s liberal backers have called on him to appoint liberal economists like former Clinton Labor Secretary Robert Reich and *New York Times* columnist Paul Krugman.

It is far more likely that he will select a corporate executive as yet another attempt to conciliate the right and win the support of the financial elite.



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