Wall Street reinforcements for Obama White House

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President Obama concluded his Hawaii vacation Tuesday and flew back to Washington, amid press reports that he would soon announce the addition of several prominent figures drawn from the financial industry to his White House staff.

The media speculation focused on William Daley, brother of the retiring mayor of Chicago, former Clinton administration commerce secretary, and currently a vice chairman at JP Morgan Chase, one of the top five US banks. Bloomberg News and the *New York Times* both reported that Daley was under consideration for White House chief of staff, as the permanent replacement for Rahm Emanuel, who resigned in September to run for mayor of Chicago.

The chief of staff position has been filled on an interim basis by Pete Rouse, a long-time Senate aide who joined the White House when Obama took office. Rouse is heading an effort to reorganize the White House staff, including selecting a permanent replacement for Emanuel, and could himself be chosen for that post.

The selection of Daley, which press reports described as "not imminent," would be the clearest signal yet of the Obama administration's shift to the right in the wake of the Republican victory in the 2010 congressional elections.

Daley was one of the most right-wing figures in the Clinton administration, at least on domestic and economic issues. He spearheaded the drive to pass the North American Free Trade Agreement, much favored by big business, and went on to a top-level career as a corporate executive, first at SBC Communications, then at JPMorgan Chase. He has served on numerous corporate boards, including at Boeing and Abbott Laboratories.

In the internal politics of the Democratic Party, Daley stood on the right, opposing any serious effort to fight the theft of the 2000 presidential election, when he was Gore's campaign chairman. In an interview last year with the *New York Times*, he criticized congressional Democrats and the White House, saying they had overreached and attempted policies that were too liberal. "The election of '08 sent a message that after 30 years of center-right governing, we had moved to center left," he said, "not left."

Whomever Obama selects to implement it, the direction of his policy shift is not in doubt. In remarks to reporters as he ended his vacation, he urged Republican congressional leaders to work with the White House, and expressed the hope that "John Boehner and Mitch McConnell will realize that there will be plenty of time to campaign for 2012 in 2012."

Referring to the series of agreements that followed his capitulation to the Republicans over extending the Bush tax cuts for the wealthy, Obama added, "We started making good progress on that in the lame-duck, and I expect to build on that progress when I get back."

While Democratic and Republican politicians and the corporate-controlled media have portrayed the 2010 election as a mandate for the policies advanced by the far right, a poll released Monday by *Vanity Fair* magazine and the CBS news program "60 Minutes" found that the vast majority of Americans opposed extending tax cuts for the wealthy and making spending cuts in social programs to pay for them.

Given the choice of different options for reducing the federal deficit, 61 percent called for increasing taxes on the rich as the first step, while another 20 percent chose cutting military spending—the second-most-popular choice. Only 4 percent favored cuts in Medicare and 3 percent cuts in Social Security, the "reforms" that are being demanded by a unanimous chorus in the

Washington political establishment.

Obama will soon fill one other top position, chairman of the National Economic Council (NEC). Former Clinton administration Treasury Secretary Lawrence Summers left the job December 31, four months after announcing his intention to do so. Obama has apparently not been able to find a suitable replacement from corporate America, despite a considerable effort to woo business support.

Press reports suggest that the White House will select Gene Sperling, who formerly chaired the NEC in the Clinton administration and is currently an adviser to Timothy Geithner, the treasury secretary. Sperling was identified with conservative, pro-business fiscal policies in the 1990s and played a significant role in devising the tax-cut agreement with the Republicans last month.

Another possibility is Roger Altman, former deputy treasury secretary in the Clinton administration and an investment banker who runs Evercore Partners in New York.

Sperling has not been nominated for any position in the Obama administration requiring Senate confirmation because of possible questioning of his work at Goldman Sachs, one of the top recipients of the Wall Street bailout, where he raked in $887,727 for what was described as “part-time” services in 2008.

The *Wall Street Journal* reported Monday that Obama would probably name Ron Bloom, co-chair of the auto industry bailout task force, to a new White House post on manufacturing policy. This was presented as a sop to the trade unions, to offset any opposition to the nomination of Sperling or Altman to the higher-ranking post, since Bloom was an investment adviser to the United Steelworkers union. In collaboration with the unions, Bloom played an instrumental role in implementing the Obama administration’s demand that auto workers accept devastating job and wage cuts to boost the profitability of the auto companies.

Other shifts in White House staff include the departure of Ron Klain, chief of staff to Vice President Joe Biden, one of a handful of more liberal aides. He will become president of Case Holdings, the parent company of the investment firm named for Steve Case, the former America On Line chief executive. A former chief of staff to Vice President Al Gore, Klain also worked for Case during the Bush administration.

The long-announced departure of David Axelrod, the top White House political adviser, is also scheduled. He is leaving to begin work on Obama’s 2012 reelection campaign, and will be replaced by David Plouffe, Obama’s campaign manager in 2008.

The personnel shifts between the White House and high finance have a definite sociological significance. Even the more “liberal” aides move easily from top government posts to lucrative positions in the financial industry. This poses no difficulty because the policies of the Obama administration are so organically aligned with the well-being of Wall Street.

The musical chairs aspect of the personnel switches—Daley is being considered to replace Emanuel, who is running to replace Daley’s brother as mayor of Chicago; Plouffe and Axelrod change places as chief inside and outside political aide—also underscores the narrow, politically inbred and isolated character of the Obama administration.

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