

Senators forgive Penny Pritzker's \$80 million "mistake"

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On the eve of her confirmation hearing, President Obama's nominee for commerce secretary, Penny Pritzker, admitted that she had underreported her 2012 income to the tune of \$80 million, blaming a clerical error. Pritzker is worth an estimated \$1.85 billion and would become the wealthiest US cabinet member in history. Her nomination underscores the increasingly plutocratic character of the Obama administration and the US government at large.

The \$80 million in earnings that had been omitted were related to Pritzker's role managing trust funds—financial instruments used by wealthy families to control vast sums of money across generations—and \$54 million of it was related to an offshore fund based in the Bahamas. This admission comes in the wake of a recent study showing that as of 2012, wealthy Americans are hoarding up to \$32 trillion in offshore accounts to avoid paying taxes.

Pritzker has played an important role in the Democratic Party's own finances for years. She was the chair of Obama's 2008 campaign finance team, which raised over \$778 million, a record at the time. She went on to co-chair—along with Chicago Mayor and former Obama chief of staff Rahm Emanuel—the president's 2012 re-election campaign, which raised over \$1 billion. She contributed \$250,000 to Obama's 2013 inauguration festivities. She is also a member of Obama's Jobs Council, which advises the president on economic matters.

Pritzker's record shows that Obama could hardly have picked someone more versed in the intricacies of modern financial swindling, nor more deeply immersed in the opulent world of the global elite, to "foster, promote, and develop the foreign and domestic commerce"—such is the stated mission of the US Department of Commerce which she will head, pending

congressional approval.

To begin with, Pritzker's family is one of the wealthiest in Chicago. She is heiress to the Hyatt hotels fortune. She is a director of Hyatt Hotels Corp, which operates the luxury hotel chain and nursing homes, and whose profits are based on low-wage service work. A 53-year-old Hyatt hotel housekeeper who attended the hearing told the *Chicago Tribune* that she cleans 16 rooms a day for \$14.60 an hour with no paid lunch break, and is working under an expired contract.

Especially scandalous is Pritzker's involvement in the 2001 collapse of Superior Bank of Chicago, where as CEO she pioneered the predatory subprime lending practices that would lead to the financial crash of 2008. In May of 2001, Pritzker told bank employees in a written letter, "Our commitment to subprime lending has never been stronger and we are fully expecting to participate in restoring the bank's presence."

Two months later, Superior was closed and its \$1.1 billion in paper assets were sold for \$52 million to Charter One Financial, Inc. Depositors collectively lost millions of dollars that will never be repaid, while Pritzker and family nonetheless pocketed close to \$200 million during their ownership of the bank.

When Senator John Thune (R-South Dakota) broached the subject of Superior at Thursday's confirmation hearing, Pritzker's crocodile tears seemed to satisfy. "I regret the failure of Superior Bank," she said, calling it a situation she felt "very badly about." Thune later commented, "I'm very impressed with her qualifications," and told reporters he expected the committee to vote in favor of her nomination.

Pritzker was treated with kid gloves by senators at the hearing. When Illinois senators Dick Durbin (D) and Mark Kirk (R) introduced her to the committee before the hearing, Kirk called her "a vibrant part of the

Jewish world,” and Durbin noted admiringly that not only had she “inherited a few dollars,” but also she had “made a few dollars in her life.” Other senators who praised Pritzker during and after the hearing include Ted Cruz (R-Texas) who called her an “enthusiastic and unapologetic advocate of free trade,” and Roy Blunt (R-Missouri) who told the hotel heiress, “You know more about [foreign tourism] than most anyone else in this room.”

It is no mystery why senators from both parties are so enamored. Over half of them are millionaires, some many times over. In 2011, the median net worth of the Senate was \$2.63 million. The chair of the Senate committee reviewing her nomination is Jay Rockefeller (D-West Virginia), great-grandson of Standard Oil tycoon John D. Rockefeller, net worth \$86 million. John Kerry, who left the senate in February to become Obama’s new secretary of state, is worth many hundreds of millions through his wife’s inheritance of the Heinz Foods fortune.

This is a government of and for the rich. In an epoch of historic and ever-increasing levels of social inequality, profit is more and more acquired through risky financial speculation increasingly divorced from the production of real value. In politics, the ruling elite no longer feels it necessary to give lip service to government “of, by and for the people,” and multimillionaires and billionaires take on direct responsibility for running the government, setting policy and making and enforcing regulations.

If confirmed, Pritzker will join a cabinet that includes Kerry and Treasury Secretary Jacob Lew, who earned millions of dollars as an executive at Citigroup by betting against the housing market as it collapsed. Mary Jo White, Obama’s chairman of the Security and Exchange Commission (SEC)—the federal agency tasked with regulating the exchange of stocks and other securities—made millions as an attorney for banks including Bank of America and JP Morgan during the financial crash.



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