

Wall Street firm hires former Republican House Majority Leader Eric Cantor for \$3.4 million

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Last week the Wall Street investment bank Moelis & Company announced that it had hired former Republican House Majority Leader Eric Cantor, guaranteeing him \$3.4 million in pay through 2015. Cantor's multi-million-dollar payout represents compensation for his service to Wall Street during his time in Congress and illustrates the incestuous relationship between the US political establishment and big business.

For this year and the next, Cantor will have an annual base pay of \$400,000, plus a \$1.4 million signing bonus, and \$1.6 million in incentive pay next year.

In an interview with *New York Magazine*, Dennis Kelleher, CEO of Better Markets, a banking watchdog group, said that Cantor's hiring showed that "Wall Street is after what it's always buying in Washington: access, influence, and unfair advantage."

Kelleher described Cantor as "the chairman of the Wall Street caucus in the House," adding, "He was consistently referred to as Wall Street's go-to guy." Kelleher concluded, "You don't guarantee someone \$3.8 million because you're training him to be an investment banker."

Moelis & Company specializes in mergers, acquisitions, recapitalization, and restructuring. According to their website, the company "combines unique corporate finance experience with deep industry knowledge and long-standing relationships." Ken Moelis, the company's CEO, said that hiring Cantor would provide the "team" with "unique expertise" and "tremendous experience."

Cantor's "unique expertise" is not his banking skills; in fact, he has no previous investment or banking experience. Rather, familiar paymasters are hiring

Cantor for his capacity to ensure the interests of a certain section of the financial elite within the political establishment, an establishment that Cantor is intimately a part of.

Having spent the past 13 years in the US Congress, and having occupied the most senior positions in the House of Representatives, he will provide "deep industry knowledge" and also bring his "long-standing relationships" to bear in Moelis's corporate operations.

Moelis & Company's hiring statement praised Cantor's record, stating that "During his Congressional career, Mr. Cantor worked to lower taxes, eliminate excessive regulation... and encourage entrepreneurship."

Cantor joins a long list of politicians and financial regulators who have taken jobs on Wall Street. In November 2013, ex-US Treasury Secretary Timothy Geithner joined Warburg Pincus, a leading private-equity firm. In January 2014, Sheila Bair, the former chief of the Federal Deposit Insurance Corporation, joined the board of a top Spanish bank. This past month it became known that Bart Chilton, the recently resigned Commissioner of the Commodity Futures Trading Commission, now advises a group that specializes in high-frequency trading.

Cantor played a leading role in the shutdown of the government in October of last year. Acting as House Majority Leader, Cantor helped set the stage for a budget crisis that allowed the legislature to make permanent the devastating sequester cuts to social spending. In this bi-partisan charade, Cantor and his fellow Republicans staked out the most extreme right wing position, demanding far-reaching cuts to anti-poverty programs. This allowed the Democratic Party to posture as defenders of the "middle class" when, in

reality, they were also pushing for severe cuts.

This June, Cantor was booted out of his congressional seat in a primary election. Cantor had represented the largely upper-middle class Seventh Congressional District in Virginia since 2001. Despite the fact that Cantor overspent his opponent, David Brat, 25-1, he lost, becoming the first House leader to do so in a primary.

Brat, who rhetorically attacked Cantor from the right, had no serious differences with Cantor when it came to actual policy; however, Brat was able to denounce Cantor as a Wall Street man, which helped him posture as a defender of “Main Street.” The election exposed a vacuum of actual public support for Cantor, a leading Republican who the media built up as a political titan.

Who were Cantor’s actual supporters? According to the *Center for Responsive Politics*, Cantor has received over \$32 million in funding during his political career. The top industry that donated to his campaigns, through individuals and PACs, was “Securities & Investment” at a total of \$3 million. The next two top fundraisers were the real estate and insurance industries.

Cantor’s top five individual contributors included Goldman Sachs, Comcast, Dominion Resources (a large energy company located in Cantor’s home state), and Altria (a leading tobacco company which owns Philip Morris USA).

US politics is decided largely by money. The *Center for Responsive Politics* reports that in all of congressional races from 2000-2010, 93 percent of the time the top spender won the race. Over half of the members of congress are millionaires themselves.

Once elected, Congressmen spend an enormous portion of their time fundraising. In 2013 the *Huffington Post* obtained slides from a presentation for incoming Democratic congressman describing the ideal daily schedule for a congressman: four hours of “Call Time,” one to two hours of “Constituent Visits,” one hour “Strategic Outreach,” two hours “Committee/Floor,” one hour “Recharge Time.” That is a total of five hours directly involving fundraising, one to two hours that usually involves fundraising, and two hours doing legislative business.

Cantor, having been a leading representative of Wall Street in Congress, passing its legislation and receiving its money, is not changing his “industry.” He will still be wheeling and dealing with the same kind of people,

just with a specific employer and a higher paycheck. Having done “his time” in politics, he will do what almost all of his colleagues, Democrat and Republican alike, do once they leave politics: cash out.



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