Notes on the Trump transition

Wall Street lawyer to head Securities and Exchange Commission

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Yesterday, Donald Trump selected Jay Clayton, a top lawyer advising Wall Street firms, to head the Securities and Exchange Commission (SEC), the chief regulatory agency of Wall Street. The pick is yet another indication of his incoming administration's agenda of deregulation and the promotion of unbridled profiteering by American finance.

Clayton is a partner at the prestigious Sullivan and Cromwell law firm, where he has provided legal advice to Wall Street banks such as Barclays Capital, Goldman Sachs, Ally Financial and Bear Stearns. The latter's collapse was a catalyst for the 2008 financial crash. His expertise, according to the firm's web site, is in areas such as "public and private mergers and acquisitions transactions, capital markets offerings, regulatory and enforcement proceedings, and other matters where multidisciplinary advice and experience is valued." The firm states that Clayton "also advises several high-net-worth families regarding their public and private investments."

Clayton was involved in the 2014 initial public offering of Chinese internet firm Alibaba, the most lucrative IPO in history. He worked on deals by Barclays and JP Morgan Chase in the aftermath of the financial crisis to acquire the assets of collapsed investment banks Lehman Brothers and Bear Stearns. Sullivan and Cromwell also represented JP Morgan Chase in its settlement with the Justice Department in 2013 over its fraudulent sale of toxic mortgage-backed securities in the leadup to the financial crisis. The bank paid $13 billion in exchange for the equivalent of a general amnesty for its illegal activities.

Clayton's wife works as a private wealth advisor for Goldman Sachs, underscoring Clayton's close personal relationships with the industry he will now be tasked with regulating. Carl Icahn, the billionaire corporate raider and close Trump ally, interviewed Clayton as part of the vetting process, according to Reuters. Icahn was recently appointed to the informal post of Special Advisor to the President on Regulatory Reform, and, like Trump himself, stands to benefit directly from the deregulation polices of the new administration.

"Clayton will play an important role in unleashing the job-creating power of our economy by encouraging investment in American companies while providing strong oversight of Wall Street and related industries," the Trump transition team wrote in its announcement of the pick. "We need to undo many regulations which have stifled investment in American businesses, and restore oversight of the financial industry in a way that does not harm American workers," the statement quoted Trump as saying.

The real significance of the pick, however, was not lost on the corporate media. The *Wall Street Journal* called the appointment "a 180" from even the Obama administration's fig leaf "oversight" of the financial industry. The appointment, the paper wrote, "signals Republicans prefer an SEC chairman who is attuned to the needs of Wall Street firms that grease the markets where companies go to raise capital." It cited in particular a report Clayton authored in 2011 attacking what he perceived as the Obama administration's "zealous" enforcement of laws against bribery of foreign officials by American corporations.

Trump appoints Reagan-era advocate of economic

nationalism as US Trade Representative

On Tuesday, Trump announced that Robert Lighthizer is his appointee for United States Trade Representative (USTR), a clear sign of the trade war policies his administration intends to pursue. The position is responsible for negotiating trade deals with other countries and represents the United States in the World Trade Organization (WTO).

A former deputy trade official in the Reagan administration, Lighthizer has long experience litigating on behalf of American corporations against foreign competitors. He is currently a partner at the Skadden, Arps, Slate, Meagher and Flom law firm. "For many years, Lighthizer has represented US steel companies, America's most trade-litigious industry, filing dozens of antidumping and countervailing duty petitions to keep foreign steel out of the United States," the ultra-conservative Cato Institute noted.

Lighthizer is an outspoken protectionist, described by his colleagues as an opponent of the WTO. In 2008, he penned an op-ed in the *Washington Post* attacking "free trade" for "[helping] China become a superpower" and forcing American corporations to "bow to the whims of anti-American bureaucrats at the World Trade Organization. [Proponents of free trade] oppose any trade limitations, even if we must depend on foreign countries to feed ourselves or equip our military," he wrote. China has been the chief target of US accusations of steel dumping, and Trump has publicly threatened to label China a "currency manipulator" and impose tariffs of up to 45 percent on Chinese exports.

Lighthizer's appointment has been widely acknowledged in the press as an indication of the Trump administration's intention to pursue protectionist and trade war policies, chiefly directed against China. The *Washington Post* ran a headline on its web site reading "Trump is bringing in the big guns to roll back free trade," while the *New York Times* declared that the appointment was "the latest sign that Mr. Trump intends to fulfill his campaign promise to get tough with China, Mexico and other trading partners."

Many figures within the Democratic Party and the trade unions, which have long scapegoated foreign workers for job losses in the United States, issued supportive statements. Senator Elizabeth Warren, one of the party's leading "progressive" spokespersons, said in a statement: "We need to dramatically reorient our trade policy so it helps working families, not giant multinational corporations. I plan to ask Mr. Lighthizer whether he shares that goal and has a plan for achieving it."

AFL-CIO President Richard Trumka held a joint press conference with several Democratic lawmakers on Tuesday calling on the Trump administration to re-negotiate the North American Free Trade Agreement. "We wanted him to know that we'll work with him on doing that," Trumka told reporters. "I don't think he has enough Republican support to do it, and rewriting the rules of trade is a necessary first step in righting the economy for working people."

Trump's Secretary of State pick set to receive $180 million severance deal with Exxon-Mobil

Rex Tillerson, the former CEO and chairman of ExxonMobil, will receive a $180 million payout from his former employer if he is confirmed as Donald Trump's Secretary of State.

The deal, structured to fulfill government conflict of interest requirements, will involve a one-time payment by the company to an "independent" trust for the value of over two million deferred shares of ExxonMobil that Tillerson was set to receive as part of his retirement package. Tillerson will receive payments from the trust at the same 10-year schedule as before. Under the arrangement, Tillerson will be able to keep almost the full value of the plan, minus only $7 million.

Tillerson made an estimated $24.3 million last year at ExxonMobil, making him the 29th highest-paid CEO in America, in spite of a collapse in profits at the world's largest oil company.