

The politics of New York University's Board of Trustees: The case of Laurence Fink and John Paulson

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18 May 2017

The 67 members of the Board of Trustees of New York University (NYU) include among them some of the wealthiest people on the planet. They are a cross-section of the ruling class, and particularly that of New York City and Wall Street, affecting the operations of NYU in countless ways.

The political roles that two NYU trustees play in protecting the wealth and privileges of the ruling class stand out most clearly: Laurence Fink and John Paulson.

Fink heads the Board's Financial Affairs Committee. He is also a trustee and co-chair of the NYU's Langone Medical Center. Fink is one of the most powerful men on Wall Street. His investment firm, BlackRock, is the world's largest asset manager, with assets under management of more than \$5 trillion. Its clients include most of the major banks in the country, including Bank of America, Chase, Citigroup, Goldman Sachs, Morgan Stanley and Wells Fargo.

Fink's own net worth is \$340 million.

Fink is a lifelong Democrat and has donated to the presidential campaigns of John Kerry, Barack Obama, and, in 2016, Hillary Clinton. He has donated to the campaigns of New York Senator and Senate Minority Leader Charles Schumer more than once. In 2009, he contributed to the Republican Senatorial campaign in the state of California of former Hewlett-Packard CEO Carly Fiorina (who also ran for the 2016 Republican presidential nomination). He has financially supported other Republicans, including Ohio Senator Rob Portman and Alabama Senator Richard Shelby.

That Fink pays close attention to imperialist foreign policy is indicated by the fact that he is a director of the major establishment think-tank, the Council on Foreign Relations. He told a panel on Saudi Arabia there this January that his firm "is preparing to bring investor

money from around the world to the Kingdom."

Fink, as we have noted in an earlier article on the NYU Board of Trustees, was widely believed to have had ambitions of becoming secretary of the treasury in a Clinton administration.

Fink's NYU connections are politically significant. It is noteworthy, for example, that BlackRock has on its Board of Directors longtime Clinton operative Cheryl Mills. In 2002, Mills became NYU's senior vice president for operations and administration, where she directed contract negotiations with the adjunct faculty and graduate students, among the most poorly paid employees of the university. In 2006, Mills was appointed NYU general counsel. Subsequently, she served under Hillary Clinton in the State Department, and currently she is the CEO of BlackIvy Group, which seeks investment opportunities in Africa. BlackIvy's executive chairman is Obama bundler and NYU Board of Trustees member Anthony Welters.

It is normal for the upper echelons of society who serve as trustees for NYU to make political contributions to both Democrats and Republicans, who, after all, serve the same masters.

It is no surprise, therefore, that Fink, a longtime Democrat, would nevertheless pronounce on government policy as a member of Donald Trump's Strategic and Policy Forum. Trump formed this group shortly after he took office. It is chaired by billionaire investor and former Fink associate Stephen A. Schwarzman, CEO and co-founder of Blackstone. It includes such ultra-rich figures from the corporate and banking world as Mary Barra, CEO of General Motors; Jamie Dimon, CEO of JPMorgan Chase (and a Trustee of NYU's Langone Medical Center); Bob Iger, chairman and CEO of the Walt Disney Company; and Jim McNerney, former chairman, president and CEO of Boeing.

Along with nearly every other prince of the financial industry, Fink favors loosening the already mild regulations on banking that were put in place after the 2008 crash by the Obama administration. Last month, he told FOX Business Network's Maria Bartiromo (also an NYU Board of Trustees member), "A reduction in regulation is necessary. I believe it will unlock some money, it will streamline our economy."

Since the election of Trump, Fink has spoken publicly several times about the decay of US infrastructure—bridges, tunnels, and highways—during which he has called for the privatization of infrastructure development. "[Infrastructure] projects must deliver competitive returns and that will often require efficiencies that can only be achieved through private ownership."

The privatization of public assets is in fact a policy that runs like a red thread through the activities of members of the NYU Board of Trustees. To name only a few examples:

* Chairman William R. Berkley, the insurance magnate (net worth \$870 million), sits on the Board of Directors of Achievement First charter schools in New York, Connecticut, and Rhode Island.

* Stanley Druckenmiller, the husband of NYU Trustee Fiona Druckenmiller (and a donor of \$300,000 to the presidential candidacies of Chris Christie, Jeb Bush, and John Kasich), is the chairman of the Board of Trustees of Geoffrey Canada's Harlem Children's Zone, a major purveyor of charter schools in New York.

* Trustee Kenneth Langone, who made his \$3 billion fortune from Home Depot (and was a major donor to Chris Christie), is the chairman of the Board of Trustees of the NYU medical center named after him. He is also on the Board of Trustees of the Harlem Children's Zone.

John Paulson is another one of the politically prominent financial aristocrats on the Board of Trustees. The WSWS has noted that his massive donations to universities (\$500 million to his graduate alma mater Harvard Business School) and to New York City's Central Park (\$100 million) epitomize the aristocratic principle, in which public services, education, and the population's access to art and culture exist only by the beneficence of the extremely wealthy.

When Paulson began to suspect in 2005 and 2006 that the housing bubble was close to bursting, he purchased millions of dollars of insurance (credit default swaps) on mortgages. The gamble paid off, and it made billions for him—in one case, \$70 million in 25 minutes.

Paulson did not issue public warnings or condemn the

practices of the banks and home loan companies. In fact, he reportedly worked with Goldman Sachs to circulate bad loans in the form of collateralized debt obligations so that he and his investors could reap even bigger profits when the market collapsed. Goldman Sachs was fined by the Securities and Exchange Commission, but not Paulson.

Paulson donated money to the campaigns of both Republican and Democratic candidates, the latter including former Connecticut Senator Chris Dodd. Recently, he has tended toward funding Republicans, including House Speaker Paul Ryan of Wisconsin, Ohio Senator Rob Portman and former South Carolina Congressman Mick Mulvaney, who is Trump's current director of the Office of Budget and Management.

Paulson became an early supporter of the Trump presidential campaign in 2016. Trump has invested in Paulson's fund in the past, and the two have had other business dealings with each other. According to *Bloomberg.com*, in the last few months of 2016 Paulson and Co. contributed nearly \$300,000 to the Republican presidential campaign. *New York* magazine quoted one person close to Paulson who said of his attitude toward Trump: "He discounts all the crazy stuff." He served on the Trump Inaugural Committee, which by some estimates spent more than \$200 million on the ceremony.

A major concern of Paulson's has been the privatization of Fannie Mae and Freddie Mac, the huge mortgage providers that the federal government put in receivership to prevent them from collapsing in 2008. The two lenders have recovered, but the profits they make now go directly into the US Treasury.

Paulson is also a supporter of the privatization of education. In 2015, he donated \$8.5 million to Success Academy, the largest chain of charter schools in New York City. Like Fink, Paulson is also a member of the Board of Directors of the Council on Foreign Relations.

Both Fink and Paulson are members of the Executive Committee of the Partnership for New York City, which has long played a role in pressuring New York City government to impose austerity. They are joined on this committee by the Tisch family and Martin Lipton, key players on the NYU Board of Trustees.



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