

Staff Appointments in Obama's Second Term. Jack Lew for Treasury

By [Stephen Lendman](#)

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Staff changes usually occur in second presidential terms. John Kerry was picked to replace Hillary Clinton at State. Chuck Hagel is Obama's Defense choice. John Brennan was tapped for CIA director.

Others expected to leave include Attorney General Eric Holder. Reports say he'll stay several more months, then leave. Possible replacements include Homeland Security Secretary (DHS) Janet Napolitano. Senate Democrats Amy Klobuchar (D. MN) and Sheldon Whitehouse (D. RI) are also mentioned.

A new Commerce Secretary will be chosen. The post stayed unfilled after John Bryson resigned last June.

He was involved in two car crashes. He was investigated for possible felony hit and run. In July, Los Angeles prosecutors announced no criminal charges would be filed. It pays to be well connected. Rebecca Blank served as Acting Commerce Secretary in his place.

Replacement favorites include Export-Import Bank chairman Fred Hochberg, US Trade Representative Ron Kirk, and Small Business Administration head Karen Mills.

Energy Secretary Steven Chu plans to go. His Deputy Secretary Daniel Poneman may succeed him. Other floated names include former Senate Democrat Byron Dorgan (D. ND) and former Clinton chief of staff John Podesta.

In December, EPA administrator Lisa Jackson said she'll leave after Obama's January State of the Union address. Washington Democrat Governor Christine Gregoire may replace her.

Other possibilities include Deputy EPA administrator Bob Perciasepe, EPA air head Gina McCarthy, and White House energy and climate issues aide Heather Zichal.

If DHS Secretary Napolitano becomes Attorney General, possible replacements include New York Police Commissioner Ray Kelly, former New York/Los Angeles/Boston Police Commissioner Bill Bratton, and retired Coast Guard Admiral Thad Allen.

Months ago, Transportation Secretary Ray LaHood said he'd leave. He hasn't said much since. If he goes, replacement choices include Los Angeles Mayor Antonio Villaraigosa, former Pennsylvania Governor Ed Rendell, and former Representative Steve LaTourette (R. OH).

On January 9, Labor Secretary Hilda Solis resigned. She's expected to seek a seat on the Los Angeles County Board of Supervisors.

Possible replacements include Deputy Labor Secretary Seth Harris, former Clinton Deputy Chief of Staff Maria Echaveste, former Clinton pension and welfare assistant secretary Olena Berg Lacy, or perhaps others

Jack Lew is tapped to replace Tim Geithner at Treasury. He's currently White House Chief of Staff. Formerly he was Clinton and Obama Office of Management and Budget director. On January 27, he assumed his current post.

Like everyone holding high-level Washington positions, he's a consummate insider. He started early.

At age 12, he did political canvassing for Gene McCarthy (D. MN). He worked briefly for Rep. Bella Abzug (D. NY). He was Rep. Joe Moakley's (D. MA) legislative assistant.

He was Speaker Tip O'Neil's (D. MA) senior policy advisor. He was an attorney in private practice. In 1993, he was Clinton's Special Assistant. He served on his National Security Council.

In 1994, he was Associate Director for Legislative Affairs and Deputy Office of Management and Budget director. He headed OMB twice from 1998 - 2001 and from 2010 - 2012.

In 2009 and 2010, he was First Deputy Secretary of State for Management Resources.

From 2001 - 2006, he was New York University executive vice president.

From 2006 - 2009, he was Citi Global Wealth Management (GWM) managing director and Citi Alternative Investments (CAI) CEO.

CAI specializes in proprietary trading. It manages private client portfolios and investment funds. They include hedge funds, private equity funds, real estate ones, and various hedge investments globally.

High-risk speculation is prioritized. CAI profited from the 2008 subprime housing/financial crisis. Lew foresaw it. He bet the right way and won. He gained at the expense of millions of homeowners and many others who suffered.

During an earlier confirmation hearing, he said he didn't believe "deregulation was the proximate cause" of the 2008 financial crisis.

He told senators CAI operations "ranged from private equity investments to real estate investments and various forms of fixed-income investments."

He omitted explaining high-risk investments, betting against the house, and profiting at the expense of millions of others.

CAI was heavily involved in structured investment vehicles. They tanked during the subprime collapse. Tens of billions of dollars were lost. Citi got bailed out. So did other troubled financial giants. Taxpayers got the bill.

White House sources won't comment about Lew's Citi involvement. Whether Senate Republicans or Democrats raise it and other issues during confirmation proceedings remains to be seen. Expect largely softball questions if so.

The Washington Post, Bloomberg, Politico, and other sources say Geithner plans to leave Treasury by end of January. Earlier this month, Treasury hadn't confirmed it. An agency spokesman said:

"Secretary Geithner has previously stated that he plans to be at Treasury until around inauguration."

"We do not plan to make any further announcements about the timing of (his) departure until after his successor is named."

His departure is imminent. He'll reside in New York. He formerly headed the New York Federal Reserve. He's a consummate Wall Street insider. He'll return to his ideological roots. Expect him to assume a high-level banking post.

Lew is a skilled technocrat. He's a numbers guy. In 2011, he told [Politico](#):

"The thing that I learned early on was there's a space in Washington that is not deeply populated, which is a bridge between the highly technical and the political."

"You didn't have to be the best politician, and you didn't have to be the best numbers cruncher or analyst. But if you could be fluent in both worlds and respected enough in both worlds, you could have an opportunity to be a translator and to make a difference."

Senate leaders know him well. He survived multiple previous confirmations processes. Approval will be largely pro forma.

An unnamed longtime Republican Senate aide said:

"You have to be a little bit above the fray as Treasury Secretary – not just another advocate for the president. World markets are looking at what you say."

"That will be a challenge for him. On fiscal issues, he knows a lot more about spending programs than most Treasury secretaries know."

In June 2011, [Politico](#) called him a "liberal GOP says it trusts." House Majority leader, Eric Cantor said "No one (is) more prepared and more in tune with the numbers than Jack Lew."

Wall Street bosses have final say on top-level financial appointments. They're comfortable with Lew. Expect little change from Geithner. Money power will run things the same way.

A Final Comment

At Treasury, Lew becomes Obama's deficit-cutting point man. He'll function in his low key/soft-spoken way. He'll mask what's really going on.

Eroding America's social contract is prioritized. Death by a 1,000 cuts is planned. Social Security, Medicare, Medicaid, and public pensions are targeted.

So are food stamps and other vital benefits. Millions rely on them. Eventually they'll have to manage on their own. In a decade or sooner, they'll be largely or entirely gone. Grand bargain betrayal plans it.

Deficits will be cut on the backs of ordinary people. Corporations and super-rich elites will

profit at their expense. Lew's job entails disguising planned harshness. His future political/business prospects depend on how well he succeeds.

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