

Who's who in the Clinton administration

by Kathleen Klenetsky, Carl Osgood, and Stanley Ezrol

Below we profile some of the key members of the incoming Clinton administration.

Warren Christopher, secretary of state

Warren Christopher, chairman of O'Melveny and Myers, the largest law firm in Los Angeles and one of the entertainment business's top firms, is President Bill Clinton's choice to be the next U.S. secretary of state. Despite his modest family background, Christopher has achieved remarkable heights in the Anglo-American establishment, including membership in the Trilateral Commission and the vice chairmanship of the New York Council on Foreign Relations. His specialty is domestic and foreign counterinsurgency.



After his service in the Navy during World War II, he went to Stanford University Law School, emerging in 1949 as clerk for Supreme Court Justice William O. Douglas. Returning to California in 1950, Christopher joined O'Melveny and Myers and began a career of activism in the Democratic Party. In 1959, he was appointed special counsel to California governor Edmund G. ("Pat") Brown, the organized crime-connected father of the more recently prominent Jerry "Fruitfly" Brown. From 1961 through 1965, he was a special consultant to Undersecretary of State George Ball. In 1965, Christopher's career as a counterinsurgent began with his appointment to the McCone Commission which studied the riots in Los Angeles' Watts district.

This career path was continued through his 1967-69 service as deputy attorney general under President Lyndon Johnson. One of his first assignments in that office was to tour riot-afflicted sections of Detroit with then-Undersecretary of the Army Cyrus Vance. The two of them recommended deploying the Army's 82nd Airborne Division to Detroit. The following year, Johnson asked Christopher to oversee the investigation into the assassination of Robert F. Kennedy, which determined that assassin Sirhan Sirhan acted alone. He was

also asked to assess the situation surrounding the Democratic Party Convention in Chicago, which was targeted by anti-Johnson demonstrators, including a hard core of terrorists trained by former national security adviser and lifelong Skull and Bones man McGeorge Bundy's Ford Foundation.

In this period Christopher worked with Vance on "Operation Garden Plot," which established Pentagon coordination with the Justice Department and other domestic agencies to track and control political activists and use covert as well as overt military force against potential domestic disturbances. Christopher, as recently publicized documents show, lied about his knowledge of Garden Plot during his 1977 confirmation hearings for the post of deputy secretary of state. Among the "civil rights" activists working in collaboration with the Justice Department apparatus in this period, was Marian Wright Edelman, the protégé of former CIA agent and Skull and Bones man William Sloan Coffin and longtime friend of First Lady Hillary Clinton.

During the Carter administration (1977-81), Christopher served as deputy secretary of state under Vance. During his confirmation hearings, he pledged to act as Vance's "alter ego," and, by all accounts, succeeded. As deputy secretary, he was involved in sabotaging nuclear technology negotiations between Germany and Brazil, and negotiating the Panama Canal Treaty, the "Camp David" agreement between Israel, Egypt, and the United States, and the Iran hostage release. He coordinated the Carter human rights policy which contributed to the installation of the Sandinista regime in Nicaragua and the Khomeini regime in Iran.

In 1988, upon the election of Skull and Bones man George Bush to the presidency, Christopher served on the executive committee of the American Agenda, which presented bipartisan policy proposals to Bush over the names of former Presidents Jimmy Carter and Gerald Ford. Christopher co-chaired the agenda's foreign policy section with Kissinger Associates President Lawrence Eagleburger, who was later named Bush's deputy secretary of state and was Christopher's predecessor as secretary of state.

Meanwhile, Christopher had become chairman of O'Melveny and Myers, which has been his base of operations while not in government service. That firm traditionally has been entrusted with handling legal matters for major financial institutions, and for the entertainment sector. Under Christopher, its clients include Security Pacific; Northrop; the Bank of New York; Lockheed; Trust National Bank of Chicago; Goldman Sachs and Co.; the City of Los Angeles; the now-bankrupt Canadian real estate giant Olympia and York; David Rockefeller's Chase Manhattan Bank; Dr. Henry A. Kissinger; Citibank; Salomon Brothers, Inc.; IBM; The Irvine Company; the Club of Rome and the Aspen Institute's major sponsor, Atlantic Richfield; Norman Lear's ACT III Communications; Castle Rock Entertainment; CBS; Columbia Picture's Entertainment, Inc.; the allegedly sexy Morgan Fairchild; Home Box Office; the Motion Picture Association of America; Burt Reynolds; Dinah Shore; James Stewart;

Walt Disney; and Warner Brothers, Inc.

Under Christopher's chairmanship, the firm has attempted to develop international ties. It has established joint operations with the London firm MacFarlane's, and has opened an office in Japan and taken on a number of Japanese clients including Industrial Bank of Japan, Japan Airlines, Toyota Motor Co., Nippon Oil, Nippon Steel, Marubeni, and C. Itoh and Co.

Given the above list of multinational clients, it should be obvious that if Christopher was being candid when he pledged during his confirmation hearings to recuse himself from matters involving potential conflicts of interest, he'll have a lot of free time on his hands at the State Department.

In 1992, Los Angeles Mayor Tom Bradley named Christopher to head a commission investigating the Los Angeles riots of that year. Despite the fact that those "riots" were shown by eyewitness accounts to be largely the work of a small handful of youth gangs and trained terrorists connected to the same Ford Foundation and Justice Department apparatus which Christopher had helped set up in the 1960s, Christopher recommended that the Los Angeles Police Department be blamed for the violence.

We can expect Warren Christopher to attempt to use as secretary of state the kind of methods he's used in the past. Although credulous figures in the Middle East believed, based on news reports of Zionist discomfort with Christopher, that the Clinton administration might be less vicious than its predecessor in the enforcement of the "new world order" policies, Christopher praised the Bush administration's bombing of Iraq which took place during his Senate confirmation hearings. He can be expected to get along well with his old friend Cyrus Vance, who is currently the United Nations special envoy responsible for allowing the rape and slaughter of Bosnia to continue unimpeded.

Les Aspin, secretary of defense

Clinton's choice of Les Aspin to head up the Department of Defense points to a policy of even more extensive and aggressive U.S. military interventionism abroad than that which occurred under Bush's new world order. Like Clinton and Gore, Aspin was one of the strongest supporters of Bush's Gulf war against Iraq within the Democratic Party. After the war ended, Aspin called repeatedly for new military strikes against Iraq. In his Senate confirmation hearings, Aspin vigorously affirmed the new administration's support for Bush's pre-inaugural strikes on Iraq, stating that "there's no daylight" between Clinton and



his successor on how to deal with Saddam Hussein.

Educated at Yale, Oxford, and the Massachusetts Institute of Technology, Aspin was one of the original "whiz kids" recruited to the Pentagon during the Vietnam era by Robert Strange McNamara, who introduced the disease of systems analysis into U.S. military strategy. When he joined the House Armed Services in the 1970s, Aspin took up the cudgels against Pentagon "waste."

By the early 1980s, he had established himself as one of the key congressional "experts" on military strategy. Downplaying the Soviet military threat, Aspin took the lead in promoting the nuclear freeze, banning anti-satellite (ASAT) testing, and forcing deep cuts in the Strategic Defense Initiative program and other crucial weapons systems.

In 1985, Aspin led a revolt in the House Armed Services Committee which succeeded in ousting Rep. Mel Price (D-Ill.), a military traditionalist, and installing himself as chairman. From this position, Aspin advanced the campaign to complete the transformation of the U.S. military into an arm of Anglo-American financial policy, epitomized by the U.S. interventions into Panama and Iraq.

A backer of the Nicaraguan rebel Contras, Aspin participated in the congressional panel that covered up crucial aspects of the Iran-Contra scandal, including Bush's pivotal role.

Aspin's strategic orientation closely resembles that put forth in the Wohlstetter Report, published by the Defense Department at the end of the Reagan administration, which claimed that the major threat to U.S. interests in the future would be in the Third World, and that the military would have to be reshaped accordingly, with an emphasis put on developing rapid deployment forces that could be sent quickly to various regional "hot spots." During congressional hearings last spring, Aspin proposed a new doctrine of preemptive strikes against "would-be nuclear powers" in the developing sector, saying that this should become the "stated policy" of the United States.

Aspin also subscribes to the view put forth in a controversial draft Department of Defense guidance which was leaked to the press last March. Authored by Wohlstetter collaborator Paul Wolfowitz, the guidance, which was subsequently toned down, at least for public consumption, stated that a goal of U.S. strategic policy should be to prevent any other nation, including Germany and Japan, from emerging as a superpower.

The Washington-based Center for Strategic and International Studies, the home base of Henry Kissinger, has been one of the principal promoters of this outlook, and Aspin has participated in several panels CSIS has convened on restructuring U.S. military strategy and the Armed Forces.

An article in the Swiss newspaper *Neue Zürcher Zeitung* last November accurately portrayed Aspin as a partisan of the "limited objectives school," which foresees a reshaping of the U.S. military in the post-Cold War world to deal with "new threats and regional conflicts." This school favors

smaller, more flexible forces of a "conventional reaction" type, using "smart weapons," to be deployed under a "multilateral United Nations" mantle.

Given his close ties to the rabidly pro-Israel "neo-conservative" crowd of Wolfowitz and Wohlstetter, it is not surprising that Aspin has received lavish political contributions from the American-Israeli Public Affairs Committee (AIPAC), the leading pro-Israel lobby in the United States.

R. James Woolsey, director of central intelligence

R. James Woolsey, a Rhodes Scholar, a Stanford University and Yale Law School alumnus, and Clinton's choice for the office of director of central intelligence, is a show horse from Georgetown University's Center for Strategic and International Studies (CSIS), Henry Kissinger's Washington franchise of Britain's Royal Institute for International Affairs.

Having served as undersecretary of the Navy in the Carter administration, Woolsey promoted during the Reagan years the CSIS's bipartisan "military reform" policies. The CSIS policy, in essence, is that superpower conflict should be avoided through mutual agreement among superpowers to turn their military capabilities against the underdeveloped sector, utilizing, where possible, indigenous forces to carry out the most dangerous operations. Robert Komer, who served as undersecretary of the Army while Woolsey was undersecretary of the Navy, described this as a "horses and rabbits" strategy, in which the advanced sector "horses" would provide air and logistical support for the brown, yellow, and black "rabbits" on the ground. Woolsey himself has used the example of the British Empire's Gurkha mercenaries to illustrate his ideas on the kinds of forces needed. The CSIS and Woolsey's cost-cutting proposals targeted any weapon systems or strategies directed against a Soviet strategic threat. There is little mystery what his outlook will be in the supposed "post-Cold War era."

From his position as CSIS counsel, Woolsey worked on this effort in collaboration with Democrats such as Defense Secretary Aspin, playboy Gary Hart, and Vice President Al Gore, and Republicans including former Vice President Dan Quayle, former National Security Adviser Brent Scowcroft, and former National Security Adviser, illegal arms dealer, failed suicide, and Bush pardonee Robert McFarlane.

In 1981, Woolsey served on the Townes Commission, which recommended that MX missiles be based in gigantic lightweight, slow-moving, energy efficient, constantly aloft, and obviously vulnerable aircraft. In 1983, he served on the Scowcroft Commission, which recommended that the MX missile be scrapped in favor of the still-undesigned "Mid-etman" missile. He co-authored a number of articles on these proposals with commission chairman, former president of Kissinger Associates, and former National Security Adviser

Brent Scowcroft, who appears to be Woolsey's closest collaborator. In 1985, he was named to the Packard Commission on Pentagon reform, and headed an Atlantic Council study entitled "Defending Peace and Freedom: Toward Strategic Stability in the Year 2000."

In 1987, Woolsey represented Michael Ledeen, a suspected wrong-doer in the Iran-Contra scandal who has been implicated in Kissinger's dirty operations, from the Temple Mount operation in Jerusalem to destabilize the Middle East, to the Propaganda-2 (P-2) masonic lodge conspiracy in Italy. In 1988, he worked with the "moderate" Democratic Leadership Council and advised Albert Gore's presidential campaign on military matters.

From 1989 through 1991, Woolsey was President George Bush's ambassador to the European Arms Control talks, and is now a partner in the Shea and Gardner law firm, where he primarily represents defense contractors. He has served on the Stanford University board of trustees and as a director of the Aerospace Corp., Martin Marietta, British Aerospace, Fairchild Industries, and other firms.

Anthony Lake, national security adviser

Anthony Lake, Clinton's choice for national security adviser, would be the first career foreign service officer in recent memory to hold that post. After a round of foreign service assignments in the 1960s, including a term as Ambassador Henry Cabot Lodge's personal assistant in Vietnam, Lake was hired as Henry Kissinger's personal assistant at the Nixon National Security Council. In 1970, he resigned, reportedly over disagreement with the escalation of the Vietnam War into Cambodia, and worked, among other things, with the "new left" Transnational Institute. During the Carter administration, he served as the State Department's director of policy planning, where he reported to Warren Christopher, and his deputy was Samuel R. ("Sandy") Berger, who is slated to be his deputy at the national security council.

Writing about his government service, Lake has consistently advocated an increasing role for foreign service professionals and a decreasing one for political appointees. In his 1989 book *Somoza Falling*, Lake argued that had the Carter administration taken the advice of State Department official Viron Vaky and Venezuelan President Carlos Andrés Pérez, that it act promptly to support a coup against Nicaragua's President Anastasio Somoza, the Sandinista guerrillas might not have succeeded in replacing him. In fact, had the United States not tacitly encouraged the foreign interference of Pérez, Fidel Castro, and others, the Sandinistas never could have formed a government in Nicaragua.

Despite Lake's alleged disagreement with Kissinger over Vietnam, he agrees with Kissinger on the role of morality in foreign policy. In his book on Nicaragua, he wrote, "One of

the limitations on the willingness of the Carter administration to act with greater vigor was its belief in principle.”

Samuel R. ('Sandy') Berger, deputy national security adviser

Clinton has chosen a friend of 20 years to be his deputy national security adviser. Berger first met Clinton when they were both working on George McGovern's ill-fated 1972 presidential campaign. Fulbright Scholar Berger had joined that campaign after serving as special assistant to New York City Mayor John V. Lindsay. He served as the deputy director of the State Department's Office of Policy Planning during the Carter administration, when Anthony Lake was the director. Berger, a Harvard Law graduate and Council on Foreign Relations member, has been an attorney for the Washington legal firm Hogan and Hartson, whence he has represented Toyota Motors, the Polish Solidarnosc trade union, and other clients.

Dr. Madeleine K. Albright, U.S. ambassador to the United Nations

Madeleine Albright, whom Clinton has selected to be ambassador to the United Nations, is a former student of President Carter's National Security Adviser Zbigniew Brzezinski and joined Brzezinski's staff at the National Security Council. A native of Czechoslovakia, Albright emigrated to the United States when her father, Josef Kobel, a representative to the U.N., left the communist regime.

Prior to serving under Brzezinski, Albright had been Sen. Edmund Muskie's (D-Me.) chief legislative assistant. Since the end of the Carter administration, she has continued to serve as an operative of Harriman family foreign policy. She was a founding member of the board of directors of the Center for National Policy, which was formed in 1981 as the think-tank for Pamela Harriman's political action committee, Democrats for the Eighties. In 1989, she was named CNP's president, and continued in that post until her U.N. appointment. In 1984, she advised both presidential candidate Walter Mondale and his running mate Geraldine Ferraro. In 1988, she advised candidate Michael S. Dukakis.

Since 1984, Albright has been vice chairman of the National Democratic Institute for International Affairs, which was established as the Democratic Party quasi-autonomous non-governmental organization ("quango") of the National Endowment for Democracy. These quangos were established under the rubric of President Reagan's "Project Democracy," according to their founding documents, to continue the overt and covert political operations abroad which the CIA and other government agencies were barred by law from partici-

pating in by the intelligence reforms of the 1970s.

Project Democracy's role in eastern Europe, where Albright has been active, has been to insist on economic shock therapy, which has, in every location where it has been practiced, driven living standards below communist-era levels. This has already resulted in communist counter-revolutions in Lithuania and Tajikistan, and in grotesque civil warfare in dozens of locations in the former Soviet sphere of influence. This pattern overlays Brzezinski's projected "Arc of Crisis" from South Asia, through the Mideast, to North Africa, which, under Brzezinski's theory, will destroy the old order, to make way for the new.

Albright is a member of the New York Council on Foreign Relations, has taught at the Georgetown University School of Foreign Service, and been an associate of Kissinger's Center for Strategic and International Studies.

Lloyd Bentsen, secretary of the treasury

When Bill Clinton announced his appointment of Texas Sen. Lloyd Bentsen as his treasury secretary, he commented: "I have chosen someone who will command the respect of Wall Street." That was certainly an accurate statement, as Wall Street's enthusiastic response to the appointment evidenced. One of the wealthiest men in the Senate (his father amassed a real estate empire estimated to be worth \$150 million by buying up land cheap from poor farmers in the Rio Grande Valley; he himself is worth over \$7 million), Bentsen has come to be known as one of the key protectors of real estate, insurance, commercial banking, and, of course, the oil industry in the U.S. Senate.

Through his promotion of various tax breaks, financial deregulation, etc., Bentsen has performed such an excellent job for these interests, most recently as chairman of the Senate Finance Committee, that he's not only become known as "Loophole Lloyd," but was able to charge lobbyists \$10,000 each for the privilege of attending his monthly breakfast meetings (a practice he was forced to halt when it attracted negative scrutiny). He has had his campaign coffers filled to overflowing with generous donations by such Wall Street firms as Goldman Sachs, which gave him over \$13,000 between 1990 and 1992, and Baker and Botts, James A. Baker III's law firm, which contributed \$10,000 in 1991. In Washington, where he owns a palatial residence, he and his wife count in their social circle such establishment exemplars as Elliot Richardson and former CIA chief Richard Helms.

The man picked by Clinton to take charge of U.S. domestic and international economic policy has been intimately



involved in one of the worst financial scandals of the century: the savings and loan bank debacle. Bentsen's participation in one of the most suppressed aspects of this sordid episode, the active collaboration between the CIA and the mafia in siphoning off funds from a host of S&Ls during the 1980s to finance a variety of illegal and/or rogue operations, including Iran-Contra, is documented in the 1992 book *The Mafia, CIA & George Bush* by Peter Brewton (F.P.I. Books/Shapolsky Publishers, Inc., 1992).

Author Peter Brewton reports that Bentsen, after being chosen by Michael Dukakis as his vice presidential running mate in 1988, advised Dukakis not to raise the S&L crisis as a campaign issue. This saved great embarrassment not only for Bush, but for Bentsen as well, since both men had plenty to hide about their participation in the dirtier side of the S&L mess. Indeed, in his introduction, Brewton notes that if the Democrats had won in 1988, the book would have been titled *The Mafia, CIA & Lloyd Bentsen*.

Brewton closely examines Bentsen's role in the S&L fiasco, focusing in particular on his relationship to secretive Texas millionaire banker-developer Walter Mischer, whom he shows to have been a key link between Bush, Bentsen, the mafia, and the CIA. Among other revelations, Brewton reports that Bentsen owned three S&Ls which later ended up in the hands of CIA or mafia associates. One such was Jefferson Savings, which was bought from the Bentsen family by Guillermo Hernandez-Cartaya, a Cuban exile and long-time CIA asset who had been the subject of several state and federal investigations (quashed by the CIA) for embezzlement, drug running, and mafia links.

Despite his patrician trappings, Bentsen will fit in well with the Clinton administration. Considered the key player in the Senate on trade issues, Bentsen has an approach very similar to Clinton's. He strongly supports free trade, and played a pivotal role in promoting the North American Free Trade Agreement (NAFTA). During the congressional debate over whether to grant President Bush "fast track" authority to negotiate NAFTA, Bentsen used all the power at his disposal to line up "yea" votes. According to knowledgeable sources, he assisted Clinton during the campaign in coming up with a formulation on NAFTA that would appease labor and other opponents of the treaty.

On the other hand, he also shares Clinton's commitment to forcing U.S. allies to "open their markets." A harsh critic of Japan and European Community trading practices, Bentsen headed the Senate Democratic Working Group on Trade, through which he helped shape some of the key trade-war legislation developed in Congress over the last several years. When he was chosen by Dukakis as his vice-presidential candidate in 1988, the response in Tokyo was swift—and negative. During the current round of General Agreement on Tariffs and Trade (GATT) negotiations, Bentsen pressed the White House to demand deeper agricultural concessions from Europe. (Ironically, as the Oct. 13, 1988 *Wall Street Journal*

pointed out, Bentsen had invested at least \$250,000 in a mutual fund that invests only in foreign countries—including Japan.)

In the area of foreign policy, Bentsen has taken a particular interest in Ibero-America. He was one of the advisers to President Reagan's Central American Commission (the "Kissinger Commission"), and repeatedly went to bat for the Reagan administration's policy of funding the Nicaraguan Contras—hardly surprising, in light of his extensive links to CIA networks involved in that operation.

Bentsen has also pushed Ibero-American governments, and especially Mexico, to privatize their economies and liberalize regulations restricting foreign investments. In a Senate speech in June 1988, Bentsen said that Mexico must face "economic reality" by selling some government-owned industries and changing its attitude toward foreign investors.

As for the domestic economy, Bentsen became known as one of the leading Democratic advocates of the misbegotten notion that the only way the United States can develop investment capital, is through imposing draconian cuts on consumption. He also helped usher Sen. Daniel Moynihan's (D-N.Y.) "workfare" legislation through Congress in 1988.

Just this last spring, Bentsen penned a commentary for the April 5, 1992 *Washington Post* attacking President Bush for failing to make deficit reduction his top priority. In it, Bentsen praised the work of the National Economic Commission, a bipartisan group created in 1987 by Congress, with the assistance of Felix Rohatyn of Lazard Frères, to devise a formula for deficit reduction based on cuts in Social Security and Medicare.

Similarly, in a speech to the National Association of Manufacturers last July, Bentsen said that "we have to be considering . . . consumption taxes." Presaging what role he will play in the Clinton administration, Bentsen used the article to demand that President Bush "campaign on a pledge to eliminate the budget deficit no matter what it takes," adding, "I would urge his Democratic opponent [i.e., Clinton] to outdo him in this regard rather than seek to undercut him."

That wasn't just rhetoric, as his first major public statement (his Senate confirmation hearings) since his nomination shows. President Clinton is "without question" "committed to reducing the deficit in a "major way," Bentsen told the Senate Finance Committee. Asked how the administration intends to achieve deficit reduction, Bentsen replied: "We have to address entitlements" (Social Security, Medicare, Medicaid) and raise taxes.

Roger Altman, deputy secretary of the treasury

One of Clinton's top economic advisers during the presidential campaign, and a personal friend since they attended

Georgetown University together, Roger Altman will function primarily as a transmission belt for Wall Street's dictates to the new administration.

Altman served as assistant secretary of the treasury during the Carter era, where he helped organize the Chrysler bailout, and collaborated with Lazard Frères's Felix Rohatyn, in fashioning the "Big MAC" bankers' dictatorship for New York City. The bulk of his experience has been in the private sector, specifically, investment banking of the most speculation-oriented variety which has been largely responsible for the destruction of the U.S. economy.

After Carter was driven from the White House, Altman went back to work for the old "Our Crowd" firm of Lehman Brothers, which had the dubious distinction of fielding the first junk bonds ever. There, he promptly became one of the three managing directors responsible for the firm's investment banking activities.

In 1987, Altman joined the Blackstone Group, an investment firm established in 1985 by Peter Peterson, the former chairman of Lehman Brothers and current chairman of the New York Council on Foreign Relations, after Lehman Brothers began to fall apart as a result of its financial excesses. Altman was quickly promoted to chief executive officer.

The Blackstone Group specializes in merchant banking and mergers and acquisitions (buying up failed S&Ls is one of its key profitmakers), and has been involved in some of the largest Japanese takeovers of U.S. corporations, including Sony Corp.'s purchase of Columbia Pictures. In March 1987, Blackstone put together a \$630 million investment fund, with participation by Nikko Securities, General Motors, and Prudential Insurance, among others, to, as Peterson put it, "move in opportunistically and make investments in distressed industries." Altman's personal client list includes Nestlé as well as Kohlberg Kravis Roberts, king of the corporate raiders.

Altman's affiliation with Blackstone gives some clues as to what kind of advice this son of Wall Street is likely to give Clinton. Blackstone's founder (and Altman's close friend) Peter Peterson has been one of the most vocal advocates of slashing social spending, especially for the elderly. Peterson has recently emerged as the brains behind the Concord Coalition, founded this past fall by former Sens. Warren Rudman (R-N.H.) and Paul Tsongas (D-Mass.) to lobby for deep cuts in entitlement programs and steep tax hikes.

Another close Altman colleague at Blackstone is Jeffrey Garten (they've written a number of articles together). Garten authored the lead piece in the winter 1993 issue of *Foreign Affairs* (published by Peterson's Council on Foreign Relations), which warns Clinton that if he doesn't immediately adopt a program of harsh domestic austerity coupled with pressuring Germany and Japan to reinflate their economies, the financial markets will "bring him to his knees."

Altman's record places him solidly in the pro-austerity camp. In his capacity as co-chairman of the New York City

mayor's Management Advisory Task Force and related posts, Altman has come up with what he has the gall to describe as "humane" ways to slash the Medicaid program, which provides the only access most poor Americans have to medical care, force "givebacks" down the throats of unionized workers, and impose \$5 tolls on bridges into New York.

If his Senate confirmation hearings are any guide, Altman intends to bring this same slash-and-burn economic policy into the new administration. He insisted during his testimony that the key to turning around the U.S. economy is to concentrate on deficit reduction. Altman also called for new taxes: "I do think that one form or another of a new tax on consumption is in order," he said, mentioning as possibilities energy taxes or a national sales tax.

Robert Rubin, assistant to the President for economic policy

In an interview with *Time* magazine earlier this year, Robert Rubin remarked that there was no way that a Clinton administration would handle the deficit as badly as the Bush administration had, because the markets wouldn't give a Democrat the same leverage they gave the Republicans.

He should know.

In choosing Rubin to head the newly created National Economic Council, Clinton has let the fox into the hen house. Rubin represents the worst features of Wall Street, and has played a pivotal role in encouraging the speculative and usurious excesses of the last two decades which are primarily responsible for the United States' precipitous economic decline. Rubin spent nearly all of his career "on the Street" at Goldman Sachs and Co., the last major private partnership on Wall Street.

Under the leadership of the late Gustave Levy, the firm pioneered many of the major financial "innovations" of the past 20 years, including stock arbitrage, the practice of betting money on the outcomes of corporate takeover battles. Rubin oversaw Goldman Sachs's arbitrage department at the beginning of the 1980s, at the height of the hostile takeover craze. During the same period, Goldman Sachs also introduced basket trading for institutional investors, which radically transformed the New York Stock Exchange. In 1973, Rubin was apparently at the forefront of introducing and legitimizing options trading—the first of the financial derivatives markets to be developed in the world. Since then, Goldman Sachs has become one of the biggest players in the international derivatives market, the multitrillion-dollar source of major world financial instability.

Goldman Sachs has benefitted mightily from these activities. Not only has the firm as a whole grown in influence and power, but its senior personnel have amassed huge personal

fortunes through such parasitical practices. According to the *Wall Street Journal* of July 22, 1992, Goldman partners (Rubin was one of the firm's two co-chairman at the time) earned more than \$15 million each in 1991; some estimates put Rubin's earnings as high as \$30 million per year—a far cry from the “man of the people” Clinton vowed to bring into his cabinet. In short, Rubin epitomizes the very practices which have wrecked the economy, and which Clinton claims to oppose.

Nevertheless, Clinton has put Rubin into a position from which he could function as a virtual economic czar. The National Economic Commission is a new entity, and its powers remain to be defined. According to Clinton, Rubin's job is to “coordinate, to facilitate, and to provide some direction to the deliberations of our economic council”—a description that would seem to allow tremendous latitude.

One responsibility which Rubin does have in his new position, and one which has the potential for giving him inordinate influence over the President, is to provide him with daily briefings on economic matters, just as the national security adviser does on strategic developments. As one Clinton adviser noted: “Power is proximity. Put Bob Rubin in the White House and he'll be a powerful person.”

In part, Rubin's appointment represents a payback on Clinton's part. Rubin was one of the key engineers of Clinton's campaign; he encouraged Clinton to run and raised millions of dollars for his war chest, and then donated \$275,000 to fund the Democratic nominating convention in New York. One of Rubin's Goldman Sachs partners, Barrie Wigmore, sits on the board of the Democratic Leadership Council, the policy group Clinton chaired in 1991, and which has enjoyed Goldman Sachs's financial largesse.

A product of Harvard, Yale, and the London School of Economics, Rubin has been a major financial angel for the Democratic Party and its candidates. He has had close ties to Democratic Party wheeler-dealer (and Bush ambassador to Moscow) Robert Strauss since 1972, served on the board of directors for Pamela Harriman's political action committee, and has been active in the Center for National Policy, a Democratic Party think-tank closely affiliated with Harriman.

While his Goldman Sachs background characterizes his economic policy outlook, the few public comments which Rubin has made recently reinforce the view that he will function as an “enforcer” for the markets in the White House, demanding crushing austerity as the first order of business for the new administration. In an interview with the *Washington Post* last October, Rubin emphasized that any “stimulus” program had to be combined “with long-term deficit reduction, and the art is to make the deficit reduction part credible.”

Appearing before the Senate Banking Committee in January 1992 in his capacity as vice chairman of the Center for National Policy, Rubin averred: “Our political leaders must take the lead in creating the political and public will to sacrifice consumption for quite some time to do what is necessary

to deal with these problems” of the economy. “What I really believe we need,” he said, “is a national resurgence directed toward the long term, a willingness to sacrifice consumption now and for quite some time.”

Leon Panetta, director, Office of Management and Budget

Rep. Leon Panetta brings to his post a singular obsession with the budget deficit as the source of the nation's economic ills. Panetta, who hails from Monterey, California, began political life as a Republican, in charge of the Office of Civil Rights in the Nixon administration. He switched parties after being forced out of that office in 1970 for being “too liberal.” He was first elected to the Congress in 1976, and was a member of the House Budget Committee in the early 1980s where he gained a reputation as a deficit hawk. After two years off the committee, he was elected chairman after the 1988 elections, where he subsequently played a key role in formulating the 1990 budget agreement.



Panetta has often been portrayed as someone who tenaciously fights for unpopular causes. A brief analysis of his record, however, reveals that he has never challenged the policymaking axioms of the bankrupt financial establishment. He has repeatedly proclaimed his faith in Federal Reserve chairman Alan Greenspan, and the Fed's role in the economy. His approach to the budget has been primarily a numbers game. He has always tried to focus the budget debate on numbers, such as the Gramm-Rudman targets, and more recently, the 1990 budget agreement.

For Panetta, fiscal responsibility means that budgetary considerations determine what the government undertakes. “In the past,” he said upon becoming committee chairman, “you'd develop a program. Only later would anyone raise the question of how to finance it.”

He laid out his view of the House Budget Committee as an enforcement committee in an interview with the *New York Times* in 1988. “Once you set the budget goals, you have to say ‘no’ to a lot of people,” he said. “We will not fail in our obligation to meet our deficit reduction targets. We have to consider defense. We have to consider revenues . . . but we will not abandon the poor and disadvantaged in our society.”

Besides defense, entitlement programs have also been high on his target list. With entitlements making up 44% of federal outlays, he told the *Christian Science Monitor* in 1990, “if you're not willing to deal with entitlements, you're not going to get the [deficit] numbers down.”

Alice Rivlin, deputy director, Office of Management and Budget

If anything, Alice Rivlin surpasses her new boss's mania for budget cutting. For Rivlin, as for Panetta, there is no means of generating surplus wealth in the economy. Instead, there is only, as Rivlin herself once said, the most efficient means of distributing limited resources—and if that means that some people must suffer terribly, then so be it.

Rivlin comes to the OMB from the Brookings Institution where she was director of the Economic Studies Program during 1983-87. Prior to that she was director of the Congressional Budget Office. In addition to Brookings, she was named to the board of directors of Union Carbide Corp., she received a teaching position at George Mason University in northern Virginia in 1990, and she is also a senior official of the Wilderness Society, and so brings an environmentalist bent to her policymaking.

In 1990, Rivlin also served as chairman of the D.C. Commission on Budget and Financial Priorities that was set up by D.C. Mayor Marion Barry in order to find solutions to the city's fiscal problems. The Rivlin Commission's report, released in November 1990, recommended reducing the city's work force by 6,000 positions and reducing the police department by 1,600 positions, including 1,000 that Congress had just ordered the city to add.

The report was heavily criticized, especially by city managers, because the commission did not make its recommendations based on actual work done by actual people, but rather on organization charts and job descriptions.

Her approach to economics complements Panetta's. For her, economics is "the science of hard choices. The basic problem," she says, "is how to use limited resources most efficiently." Like Panetta, she also believes that slashing the federal deficit must be the first order of business, and that to do so, large spending cuts are necessary.

She has also proposed a myriad of taxes, including a graduated gas tax increase that would rise to \$1 per gallon over five years, a "carbon" tax on fossil fuels, and a national consumption tax. In conjunction, she sees a redistribution of responsibilities back from the federal level to the state level, including in the areas of education, work force skills, and public infrastructure.

During the election campaign, Rivlin participated on two key task forces convened by leading establishment think-tanks to proffer advice to the new President. Their recommendations provide an ominous foretaste of the policies Rivlin is expected to promote in her new position:

- The CSIS Strengthening of America Commission, which called for balancing the budget by 2002 through reducing federal deficits by \$2 trillion over 10 years. The plan relies primarily upon spending reductions, reducing currently expected spending by 8% (\$1.5 trillion), and tax in-

creases of nearly \$500 billion.

- The Carnegie Endowment National Commission on America and the New World, which, in a report ("Changing Our Ways") released last summer, called for "significantly raising energy prices," reducing world population levels, and balancing the federal budget. Vis-à-vis the last point, the report states: "There is no painless solution to the deficit. We will need stronger discipline over spending, including limits on entitlement programs, as well as increases in taxes."

Donna Shalala, secretary of health and human services

Donna Shalala's appointment to head the federal department responsible for administering Medicare, Medicaid, welfare, and a host of other social programs clearly indicates that the Clinton administration intends to elevate "cost containment" to new and dangerous heights.

Given that she has no background at all in health care, which is the principal concern of HHS, one can only assume that she was chosen because of her extensive experience in administering savage cost-cutting programs. One of the few female members of the Trilateral Commission, Shalala (nicknamed "Boom Boom") cut her political-administrative teeth back in the 1970s, when Wall Street banker Felix Rohatyn brought her onto the board of Big MAC, the supra-governmental entity set up to dictate economic and financial policy to debt-strapped New York City. Rohatyn and Big MAC managed to keep the city's debt payments flowing, but at the cost of turning New York into a Third World city, leaving much of its infrastructure in ruins, its middle class impoverished, and its poor driven to living in the streets.

Assessing Big MAC's impact, Shalala told the Jan. 15, 1976 *New York Times* that it would lead to "10 years of agony." Admitting that MAC's policies had already driven some businesses from the city, she blithely went on to say that "we will retain many of the corporate headquarters, as well as the financial community, the fashion industry, the theater, and the medical centers. Frankly, I'm optimistic."

According to Rohatyn, Shalala, who served as Big MAC's treasurer and wrote the legislation that created the Emergency Financial Control Board, did not balk at carrying out the massive budget cuts, layoffs, and other draconian measures the panel ordained. He recently told the *Washington Post* that Big MAC directors were forced to make "extraordinarily difficult decisions," including raising taxes, laying off city workers, and freezing wages. But although Shalala comes from a "very liberal background and has very liberal tendencies," he said, she nevertheless "was absolutely rock-solid when we went through this list of horrors."

Rohatyn, together with Hillary Clinton, whom Shalala replaced last year as chairman of the board of the Children's

Defense Fund, were reportedly responsible for convincing Clinton to name Shalala to the HHS post.

Clinton is likely to rely on Shalala's "toughness" to take the point in implementing his own "list of horrors," including his campaign pledge to "end welfare as we know it," and his plans to restructure the U.S. health care system along the lines of the notorious Oregon Plan, which proposed to strictly ration Medicaid funds.

Shalala's other claim to fame is her involvement in the "political correctness" movement, which has earned her the sobriquet of the "Queen of PC." An avowed feminist and vocal supporter of abortion "rights," Shalala introduced the so-called "Madison Plan" shortly after she became chancellor of the University of Wisconsin in 1987. The plan called for quotas for minority faculty and student recruitment, setting up a multicultural center, and imposing an ethnic studies requirement for all undergraduates. It has been severely criticized for lowering academic standards.

Shalala also instituted a controversial speech code at the university, which meted out penalties to students accused of making alleged racial or sexual slurs. The code was declared unconstitutional by a federal judge last year.

Although she has denied reports that she is a lesbian, Shalala has made no secret of her staunch support for "gay rights." She personally lobbied the Defense Department in 1991 to end the military ban on homosexuals and signed on to a lawsuit for that purpose.

Known to be extraordinarily ambitious and a shameless name-dropper, Shalala told *Change* magazine in 1989, "In contrast to most feminists, I really think I am mentally and emotionally an insider and a member of the establishment."

Robert Reich, secretary of labor

Robert Reich has been the most public representative of the "pro-infrastructure" faction within the Clinton camp. A friend and adviser to the new President since their days together as Rhodes Scholars at Oxford, he drafted large parts of Clinton's campaign platform, including those sections which call for the federal government to increase investment in infrastructure and worker retraining by approximately \$220 billion over the next four years—a puny amount in light of the multitrillion-dollar deficit in infrastructure investment which the United States has piled up over the last 30 years.

Clinton's decision to put Reich at the Department of Labor, instead of giving him a more important economic policy



position, was seen as evidence that the Wall Street crowd in the Clinton camp had won out in their fight to give deficit reduction, i.e., austerity, priority billing over fiscal stimulus. The media campaign to portray Reich as somehow incompetent because he didn't have a Ph.D. in economics, was part of the "markets" crusade to keep Reich in check.

In the early 1980s, Reich was identified as part of the "industrial policy" crowd, but then underwent a shift from the more protectionist-leaning tendency of that grouping toward rabid free-trade advocacy.

Most of his economic prescriptions are premised on the same fundamental misconceptions that gave rise to the economic mess the United States now finds itself in—a fact underscored by his involvement in assisting then-Governor Dukakis in the development of the short-lived "Massachusetts Miracle," now known as the Massachusetts Nightmare.

First, Reich rejects the need for the United States to maintain a strong national industrial and agricultural base. In his latest book, *The Work of Nations* (1991), he argues that the predominance of the global economy means that there no longer exist "American" companies as such. Rather, the global economy consists of a collection of essentially nationless multinationals which locate their operations in whatever geographic areas offer a skilled work force willing to work for cheap wages. Therefore, instead of attempting to build up its own high-tech industries, the United States should try to attract multinationals to its shores by upgrading its work force and making limited investments in communications and transportation systems.

"Nations are becoming regions of a global economy; their citizens, laborers in a global market," writes Reich. "National corporations are turning into global webs whose high-volume, standardized activities are undertaken wherever labor is cheapest worldwide, and whose most profitable activities are carried out wherever skilled and talented people can best conceptualize new problems and solutions." A corollary Reich draws from this argument is that "there is no longer any reason for the United States . . . to protect, subsidize, or otherwise support its corporations above all others."

Reich's even more fundamental methodological flaw is his failure to differentiate between productive and non-productive forms of investment. While he has attacked the speculative excesses of the 1980s as a waste of capital, he also insists that a nation's wealth correlates with the emphasis it places on training its work force to become what he calls "symbolic analysts," i.e., people who deal in concepts.

But Reich doesn't limit this designation to scientists, engineers, and others who are necessary to increasing the productive powers of an economy, and includes a range of essentially parasitical activities, including: "public relations executives, investment bankers, lawyers, real estate developers, and even a few creative accountants," not to mention "management consultants, financial consultants . . . organizational development specialists . . . corporate headhunters

and marketing strategists, art directors, architects, cinematographers, film editors, production designers," etc.

Reich's hallmark proposal that the government step up investment in worker retraining is designed explicitly to churn out more such "symbolic analysts." Reich goes so far as to advocate outright that the United States should encourage "a greater portion of its work force [to become] Hollywood moviemakers and slick advertising men."

Reich underscored his commitment to the post-industrial service economy in an article in the February 1991 issue of *Atlantic Monthly*. Under the headline, "The Real Economy," Reich detailed his proposal for an "industrial policy" predicated on the expansion of computer technology and the service sector. Reich wrote that it is meaningless to distinguish "goods" from "services," because "so much of the value provided by a successful enterprise entails services."

Although Reich has recently soft-pedalled the issue of austerity for obvious political reasons, he hasn't been so shy in the past. For example, in an article in the 1987-88 year-end issue of *Foreign Affairs*, Reich stated that reversing the U.S.'s declining competitiveness would require scaling back "aggregate consumption by . . . taxing more of Social Security benefits . . . reducing farm supports . . . and taxing consumption directly—through, for example, a progressive tax on a family's net spending."

Bruce Babbitt, secretary of the interior

Bill Clinton's appointment of Bruce Babbitt as secretary of the interior drew rave reviews from the leaders of the environmental movement. "It's wonderful to have a conservationist as interior secretary for a change," exulted Dave Alberswerth of the National Wildlife Federation. Together with Carol Browner, the designated administrator of the Environmental Protection Agency, Babbitt represents the hard-core environmentalist faction within the Clinton administration.

The Harvard Law-educated former governor of Arizona and current head of the League of Conservation Voters shares much of the radical "green" outlook of Vice President "Mr. Ozone Hole" Gore. The two men have collaborated on a number of environmentalist projects, most recently the so-called "Compact for a New World." Released prior to the Rio de Janeiro Earth Summit last June, the compact was produced by the New World Dialogue, a group of influentials from the Americas convened under the auspices of the World Resources Institute, one of the leading eco-fascist think-tanks



in the United States.

Signed by both Babbitt and Gore, the compact calls for a series of comprehensive environmental agreements that would "reduce greenhouse gas emissions" by having Canada and the United States "sharply curtail their per capita use of energy," achieve "population stabilization" by mid-century, and enforce "reductions in the consumption of resources by the well-do-to."

Babbitt is no newcomer to environmental extremism. A longtime member of the Sierra Club and other "green" outfits, Babbitt's reputation as a foe of nuclear power earned him a seat on the panel set up to investigate the Three Mile Island incident. As governor of Arizona, he pushed hard for the adoption of overbearing environmental regulations.

During his abortive campaign for the 1988 Democratic presidential nomination, Babbitt repeatedly cited the alleged threat to the environment posed by the "ozone hole" and the spread of chlorofluorocarbons (CFCs) and acid rain, invoked the name of Teddy Roosevelt for a policy of creating more "public lands," i.e., taking land out of agricultural and mineral use, and vowed to convene a "summit on the environment" if he were elected.

Babbitt is expected to help sell the North American Free Trade Agreement to the environmentalist rank-and-file, who have taken the greenie propaganda so literally that they are proving to be an obstacle to NAFTA, by pushing for the addition of tougher environmental measures to the pact.

Over the past year, Babbitt has waged a crusade for NAFTA, predicated on strengthening its environmental provisions. In a commentary in the April 22, 1991 *Christian Science Monitor*, for instance, Babbitt called for a "new world trading and environmental agreement. The Mexican trade negotiations [NAFTA] should serve as the starting point to explore the larger issue of the relation between environmental standards and the entire GATT trading system," he wrote. "The time is at hand for Americans to voice their confidence in North American free trade," he added. "It is also time to call for a larger vision—a new world order that includes expanded progress on the global environment. The place to start is close to home—along our own borders, on our own continent—with Mexico."

Clinton will also no doubt rely on Babbitt's extensive connections in Mexico and other Ibero-American countries, should he decide to go in the direction outlined in the Gore-Babbitt "Compact for a New World." Babbitt is a longstanding member of the Inter-American Dialogue, which has advocated that Ibero-American countries legalize drugs so they can use the proceeds to pay back their foreign debt.

Babbitt holds "Mother Nature" in much higher regard than he does human beings. That bias is reflected in his 1988 presidential campaign platform, which advocated a "universal means test" to cut Social Security and Medicare expenditures, a national consumption tax of 5%, and drastic reductions in farm price supports.