In Clinton's Second Term It's Business, As Usual

Any questions about the direction of a second Clinton Administration -- led by a President free in his last term to pursue his "true" agenda -- have been answered by the shape of his new Cabinet and White House team. Given the shifts of top personnel over the past several weeks, it's hard to argue with the assessment of *The Washington Post's* David Broder that this is likely to be the most conservative Democratic administration of the 20th century.

As for US policy toward the countries of the South, the prognosis is particularly troubling. Although poverty and inequality are growing worldwide and wealth is increasingly concentrated in a relatively few hands, the major mission of US foreign policy will continue to be the promotion of American business abroad. And we can anticipate that the United States will continue to use its effective control of the World Bank, IMF and other IFIs to advance this agenda by creating optimum conditions overseas for Northern investors, regardless of the impact on local workers, small producers and the poor.

Treasury Secretary Robert Rubin has emerged as the unchallenged, premier power in the US government alongside the President, a status he quietly assumed early in Clinton's first term. Rubin was Goldman Sachs' contribution to the Democratic administration, along with the Wall Street firm's generous campaign donations, in return for presidential support of NAFTA, access to Mexico's lucrative financial market, and ultimately the bailout of holders of Mexican bonds, along with a host of other pro-business actions around the world. (Goldman Sachs just declared near-record profits this year, the second year of Mexico's policy-induced depression that has destroyed the livelihoods of millions of people.) In this regard, Rubin's influence on US foreign policy, along with that of Ron Brown and then Mickey Kantor at the Commerce Department, far eclipsed that of Warren Christopher at the State Department and Tony Lake at the National Security Council.

Now Rubin's power, and that of the economists, has been further consolidated in a game of musical chairs that has been played out since the November election. A member of Rubin's former team, Gene Sperling, is taking over the National Economic Council, which will help coordinate international economic policy, and Larry Summers, former World Bank chief economist and Rubin's Deputy at Treasury, will take a seat on the Council. Since leaving the Bank in 1993, Summers has emerged as a real force in the Administration, with his fingerprints all over the economic debacles in Mexico and Russia.

The investment-promotion, free-trade, structural-adjustment agenda of the US Treasury will also be advanced by a supporting cast of characters, including two former investment bankers in Clinton's inner circle in the White House and William Daly, former coordinator of Clinton's pro-NAFTA drive, at the Commerce Department. With Lake's move from the White House to the CIA, even half-hearted efforts to address the economic-policy contributions to growing global inequality and instability will be lacking in the next Administration. He is replaced by his Deputy and close Clinton friend, Sandy Berger, who is best known for his work as a trade lawyer for his corporate-clients-gone-global and for coordinating international economic policy at the NSC; he will now take that portfolio center stage. Madeline Albright might have a more forceful personality than Christopher, whom she is succeeding as Secretary of State, but she is no more a match for Rubin than was her predecessor when it comes to the American corporate agenda that will fully dominate US foreign policy over the next four years. Her post at the United Nations as US Ambassador is being taken by Bill Richardson, who earned his points with the President by managing NAFTA through the US Congress in 1993.

So it will be business as usual in Washington for the remainder of the century, or until the untenable economic and social conditions created by US and IFI policies in scores of countries ignite explosions that even the most cynical, timid and unenlightened US leaders cannot ignore.

Meanwhile, at the World Bank, James Wolfensohn has become increasingly sensitized to the problem and threat of growing poverty and inequality around the globe. But, following the lead of his largest shareholder, he has placed his institution on two parallel tracks: "free market" economic policy that promotes trade and investment liberalization, privatization, wage restraint and export promotion favoring foreign corporate interests; and social policy to handle some of the fallout from the inequities inherent in the economic-policy package -- measures that have already shown themselves to be far from sufficient to stem the tide of growing economic and social polarization.

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BANK CHECK

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