



Written by [Bob Adelman](#) on January 7, 2011

WH Chief of Staff William Daley: The Chicago Merry-go-round

When President Obama announced the appointment on January 6 of former Clinton administration Commerce Secretary William Daley as his new Chief of Staff, he had nothing but high praises for him, calling him a “patriot” who represented a position of moderation without histrionics. It also smacked of nepotism, continuing the circular flow of Obama insiders from the political machinery of Chicago to Washington and back again.



The chorus of approval came from the usual sources, such as the U.S. Chamber of Commerce. Chief Executive Officer Thomas J. Donahue exulted:

Bill Daley is a man of stature and extraordinary experience in government, business, trade negotiations and global affairs. Hes an accomplished manager and strong leader. We look forward to working with him to accelerate our recovery, grow the economy, create jobs, and tackle Americas global challenges.

The merry-go-round reinforced by this appointment is easy to follow: When Rahm Emanuel resigned as Obamas Chief of Staff to run for Mayor of Chicago, he was moving to fill a vacancy left by Daley’s brother, Richard. Richard is Williams brother, and son of longtime Chicago Mayor Richard J. Daley, considered to be [the last of the big city bosses](#).

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The connections go way back. Daley served as special counsel to President Clinton as they pushed through the North American Free Trade Agreement (NAFTA) against heavy opposition in 1993. He then served as Commerce Secretary for Clinton until 2000, when he resigned to become national chairman of Vice President Al Gores presidential campaign. In 2004, he was made Midwest chairman of J. P. Morgan Chase, and serves on the boards of Boeing, Merck, Boston Properties, and Loyola University Chicago. He also is a member of the Council on Foreign Relations. In 2008, Daley strongly supported Obama in his presidential campaign, and following victory in November, 2008, was named to the advisory board of the Obama-Biden Transition Project.

[USA Today skimmed over the facts](#) in its report of the Daley appointment:

He comes steeped in business, a quality that has been lacking in the Obama administration. He ran the Amalgamated Bank [named for its original sponsors back in 1922, the Amalgamated Clothing Workers of America] before joining the Clinton administration. Since 2001, he has been president of SBC Communications, [and] then Midwest chairman of J P Morgan Chase.

Lost in the historical narrative was any mention of J P Morgans \$722 million settlement in 2009 with the



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Securities and Exchange Commission over a pay to play fraud taking place [right under Daleys nose](#). As SEC enforcement officer Robert Khuzami noted at the time, The transactions were complex but the scheme was simple. Senior J. P. Morgan bankers made unlawful payments to win business and earn fees. The fees and transaction costs were so outrageous that the target, Jefferson County, Alabama, was nearly forced into bankruptcy, and was only bailed out by residents being forced to pay much higher rates for water and sewer services.

There is no surprise about his political philosophy, which also received scant media attention. As a member of the board of the Democratic think tank [Third Way](#), he stated: Third Way is doing exactly the work that we must do with the White House, Congress and statehouses if we were going to *own the center of American politics and create the kind of pragmatic change the country wants*. (Emphasis added.)

Michelle Malkin performed the best service of all [in her review](#) of Daleys fetid history:

And now the torch [is] passed to an endless Windy City circle, from Daley to Emanuel, from Emanuel to Daley, with Obama supplying the lighter.

I asked a Chicago alderman about this:

I was talking with my wife about it, and we were saying, is this some kind of plan? Rahm runs the city, Billy runs the White House. I mean, really!

Around and around goes the merry-go-round

Photo of William Daley: AP Images



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