



Trump Nominates Treasury and Commerce Secretaries

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Steven Mnuchin, Secretary of the Treasury-designate

President-elect Donald Trump has nominated his campaign finance chairman, Steven Mnuchin, to be secretary of the treasury. In announcing his appointment, Trump claimed that "Steve Mnuchin is a world-class financier, banker and businessman, and has played a key role in developing our plan to build a dynamic, booming economy that will create millions of jobs."

Mnuchin, a Wall Street banker, spent 17 years at Goldman Sachs, where he was a partner. He currently serves as the co-chief executive and chairman of Dune Capital Management, a privately owned hedge fund.

Following the news that Mnuchin was picked as US treasury secretary, Wall Street analysts offered mixed predictions on which policies he may pursue, as there is little information to go on other than his background with Goldman Sachs and buying/selling the former IndyMac, which became the controversial OneWest Bank.

Mnuchin, 53, joined the Trump campaign last April when the organization's fundraising barely existed. He also was involved deeply in developing the president-elect's tax proposals, which some analysts claim could deliver as much as \$6 trillion in tax reductions over ten years, but might also contribute to much larger budget deficits. As treasury secretary, Mnuchin will play a crucial role in implementing President-elect Trump's campaign pledges to deal with the country's economic issues. Those include overhauling the tax code, reconsidering the Iran nuclear deal (JCPOA), renegotiating trade agreements such as the Trans-Pacific Partnership (TPP) and possibly the North American Free Trade Agreement (NAFTA) to help American manufacturers, and designating China a currency manipulator.

Mnuchin's involvement in OneWest Bank following the 2008 housing market crash could complicate his confirmation. In 2009, Mnuchin put together a group of billionaire investors, including George Soros and hedge fund titan John Paulson, which bought failed California-based bank IndyMac, a big mortgage lender. The FDIC agreed to absorb the losses of the bank above a certain threshold. The bank was renamed OneWest Bank and Mnuchin became its chairman and CEO. OneWest developed a reputation during the recession for its quick foreclosure on delinquent homeowners, involving up to 36,000 households, according to the housing advocacy group California Reinvestment Coalition.

Wilbur Ross, Secretary of Commerce-designate

President-elect Trump also has nominated billionaire investor Wilbur Ross as secretary of commerce. Ross, 78, an economic advisor to Trump, is the founder of the private equity firm WL Ross & Co., known for restructuring failed companies.

Ross, whose nickname is “King of Bankruptcy,” has been a force in the steel, coal, telecommunications, foreign investments, and textiles industries. He spent 25 years with Rothschild Inc.’s bankruptcy practice and then founded his own firm, WL Ross, in 2000. He has spent recent years turning around troubled banks like the Bank of Ireland and the Bank of Cyprus.

Ross has been an outspoken critic of trade deals negotiated over the past two decades, including NAFTA. President-elect Trump promised during his campaign that he would leave NAFTA unless Canada and Mexico agree to renegotiate on better terms for the United States. If Trump carries out his promise, Ross most likely will lead any renegotiation effort. Ross has called for future trade deals to include automatic renegotiation triggers if trade gains are not distributed fairly as well as other safeguards, including sanctions against current manipulation, a clear swipe at China.

Ross may face some tough questioning from the Senate Commerce Committee, which has oversight over his nomination, because of the January 2006 disastrous mine explosion in Sago, West Virginia which killed a dozen mine workers. The mine was owned by a subsidiary of one of Ross’s companies, which ignored numerous safety concerns and citations.

Final Comment

The Republican-controlled Senate is unlikely to deny Trump these important nominations, despite Democratic opposition. Although Democrats say they are “holding their fire” on the Ross nomination, they have already put out statements deriding the choice of Mnuchin, arguing that his appointment is another example of the revolving door between Washington and Wall Street. Because of the rule change made on executive branch nominations when the Democrats controlled the Senate, only 51 votes will be necessary to confirm Mnuchin. It is highly unlikely the Republican Leadership will reinstitute the old rule which required 60 votes for confirmation.