

Populism and plutocracy: Obama speaks to the Wall Street Journal

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An interview with Barack Obama published Tuesday in the *Wall Street Journal*, the newspaper of record of big business, gives a glimpse of the tricky double game that the Democratic presidential candidate is playing in the 2008 campaign. He seeks to combine populist rhetoric about the economic difficulties confronting millions of working people with reassurances to American billionaires that an Obama administration can be relied upon to defend their interests.

Obama spoke with *Journal* reporters on his campaign bus Monday, as he made multiple appearances in Michigan along the corridor of urban blight, from Flint to Detroit, in what was once the heartland of the American auto industry. His interview followed a speech in Flint, in which he outlined an economic program that he called his “competitiveness agenda,” and preceded a large rally held at Joe Louis Arena in downtown Detroit.

The essence of Obama’s approach to economic issues, as with his candidacy as a whole, is the attempt to reconcile the irreconcilable. He voices sympathy for the plight of the unemployed, those without health insurance, those paying record high gas prices, without expressing the slightest hostility to the financial parasites responsible for creating such conditions: the highly paid corporate CEOs, hedge fund operators, investment bankers and commodities speculators.

In his discussion with the *Journal* about the collapse of the old industrial centers of the United States, Obama gave a blunt description of the impact of globalization on American society. “We’re going through a big shift from a national economy that was also dominant across the globe to a truly global economy in which we’re seeing competition from every corner,” he said.

“The combination of globalization and technology and automation all weaken the position of workers,” he continued. “I would add an anti-union climate to that list. But all weakens the position of workers, particularly blue-collar workers, in the economy, and some of it is just historical. You know after World War II, we were in this unique position where Europe was decimated, Japan was decimated. China was off the grid because of Mao. And so we didn’t have a lot of competition out there, and now other countries are rising and automation has supplanted a lot of work that used to be done by middle-class workers.”

Obama noted the growth of economic inequality over the past two decades—under the Clinton administration as well as the Bush administration—and he observed that this contradicted the claims

that an increase in productivity would raise living standards overall. “What we’ve seen is rising productivity, rising corporate profits but flat-lining or even declining wages and incomes for the average family,” he said.

For that reason, he explained, some form of government intervention in economic life was required to alter the distribution of wealth: “It’s going to be important for us to pay attention to not only growing the pie, which is always critical, but also some attention to how it is sliced. I do not believe that those two things—fair distribution and robust economic growth—are mutually exclusive.”

Obama is the first Democratic presidential candidate in a generation even to raise the issue of wealth distribution in a campaign. However, the resulting article in the *Journal* did not portray him as a dangerous radical, but as a potential ally of big business who might be persuaded to lower taxes on corporate America.

As the article summed up the Democratic candidate’s policy: “Sen. Barack Obama shed new light on his economic plans for the country, saying he would rely on a heavy dose of government spending to spur growth, use the tax code to narrow the widening gap between winners and losers in the U.S. economy, and possibly back a reduction in corporate tax rates.”

Obama repeatedly presented his policies as business-friendly, and disavowed any commitment to expanding the size of the federal government: “I think the danger is always to equate size of government with effectiveness, and I don’t. It’s not clear to me that we want a larger government, but we certainly want a government that is setting more intelligent priorities and using taxpayer dollars more wisely and structuring tax policies that are conducive to long-term economic growth.”

He argued that the policies of the Bush administration had been so completely skewed towards the wealthy that they had actually been counterproductive, in terms of the long-term interests of the corporate elite.

“If, as some talk about, we’ve got a winner-take-all economy where the highly skilled, highly educated are reaping huge rewards and the unskilled or even semi-skilled are getting a much smaller share of the economy, then our tax policies can help cushion some of the blow through providing health care,” he said. “So if people lose their jobs they’re not losing their health care as well. That actually makes a more flexible work force that makes workers more mobile and less resistant to change.”

This extraordinary statement deserves consideration. Obama is not opposed to people losing their jobs or to reducing the share of the national income going to low and middle-income workers. He presents himself to the *Journal*, not as the advocate of working people, but as an adviser to the corporate oligarchy, explaining to them the techniques required to make workers, as he put it, “more mobile and less resistant to change.”

This language is an elliptical reference to events like the recent strike by workers at American Axle, who proved highly “resistant to change,” opposing the demands by the company, and its billionaire CEO Richard Dauch, for drastic cuts in wages and benefits and the elimination of thousands of jobs. Obama adopts essentially the same standpoint as that of the United Auto Workers union bureaucracy, which sought through a combination of “cushions” (buyouts) and threats to compel the workers to accept the company’s demands.

Obama’s statement also contains a basic falsification. The growth of inequality is not, as he claims, driven primarily by differences in education and skills. It represents a radical and historically unprecedented transfer of wealth from the working people to the owners of capital. Wealth begets more wealth, particularly as the basis of the US economy increasingly shifts from the production of goods to the manipulation of financial markets.

Asked directly by the *Journal*, “Would you like to reduce the corporate tax rate?” Obama responded, “If we could eliminate loopholes in taxes, create a level playing field, then I think there’s the possibility to reducing corporate rates.” He said his team of economic advisers—headed by the newly appointed Jason Furman, a former top aide to Citigroup chairman Robert Rubin—was going to “take a look at that.”

As for his choice of policy advisers, Obama boasted of his pragmatic and non-ideological approach, saying he would consult both Wall Street figures like Rubin, Treasury secretary in the Clinton administration, and more liberal figures like Robert Reich, the former Clinton secretary of labor. “I tend to be eclectic,” he told the *Journal*. “I’m going to make these judgments not based on some fierce ideological pre-disposition but based on what makes sense. I’m a big believer in evidence. I’m a big believer in fact. You know, if somebody shows me we can do something better through a market mechanism, I’m happy to do it. I have no vested interest in expanding government or setting up a program just for the sake of setting one up.”

The message could not be clearer: no return to “big government” (a coded reference to slashing government social programs), no bashing of big business, no objection to “market” (i.e., profit-based) approaches to social problems.

This olive branch to Wall Street does not represent a change in direction, but a continuation of the course which Obama has pursued throughout the campaign to secure the Democratic presidential nomination. And Wall Street has long taken notice: according to figures compiled by the Center for Responsive Politics, Obama has raised more money from individual donors and political action committees in the securities and investment sector than any other campaign, slightly more than Hillary Clinton and more than double Republican John McCain.

In part, of course, this simply represents Wall Street investing in what is clearly a promising “start-up” venture: Obama currently leads in national polls, and on Wednesday the Quinnipiac poll reported that he had taken the lead over McCain for the first time in three critical “battleground” states, Pennsylvania, Ohio and Florida.

Much has been made in sections of the liberal press about the supposedly progressive character of Obama’s tax policies, as though they represented an effort to revive a welfare-state approach to social spending on health care and education. This is clearly not the case.

According to an analysis by the Tax Policy Center, both the Democratic and the Republican candidates would significantly reduce the revenues of the federal government. Obama’s tax plan would cut taxes overall by \$2.7 trillion, compared to \$3.7 trillion for McCain.

Obama’s policies can be considered unfriendly to the super-rich only by comparison to those of George W. Bush. They are actually somewhat less onerous than those carried out in Bill Clinton’s first term in office, when the income tax rate for the wealthy was raised by a small amount.

As for his proposals for increased spending on infrastructure, outlined in his Flint speech, these include \$15 billion a year for ten years on new energy technology, \$60 billion for transportation improvements, particularly railroads and energy grids, and \$10 billion for early childhood education.

These sums—a combined total of \$220 billion over ten years—are a mere drop in the bucket compared to the unmet social needs, which now run into the trillions. The total is less than the *annual* gross profits of the leading Wall Street firms.

As for its economic impact, Obama’s energy plan would pump less into the economy over ten years than this year’s economic stimulus package, agreed on by the Bush White House and the Democratic Congress earlier this year, whose long-term economic effect will be next to nothing.

The reason for the gross disparity between reformist rhetoric and actual policy is plain: Obama, like McCain and Clinton, is a capitalist politician who defends the profit system. He will propose only those measures which are compatible with the interests of the giant corporations and billionaires who are the real rulers in American society.

The defense of the interests of working people requires a break with the corporate-controlled political framework, the two-party system, and the building of an independent mass political party that will fight for the working class, in America and worldwide, on the basis of a socialist program.



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