

Democrats push for quick adoption of Bush plan to bail out Wall Street

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The turn of events at the White House summit announced Wednesday night by President Bush and held Thursday to press for bipartisan agreement on his plan for a bailout of Wall Street has underscored the cynical and reactionary role being played by the Democratic Party and its presidential candidate, Barack Obama.

Bush called the meeting, bringing together Obama, Republican presidential candidate John McCain and the congressional leadership of both parties, to signal rapid passage of legislation authorizing Treasury Secretary Henry Paulson to spend at least \$700 billion in taxpayer money to purchase virtually worthless financial assets from banks and other financial institutions, enabling them to offload their bad debts and losses at the expense of the American people.

The meeting was called for Thursday afternoon, in the expectation that by that time the Democratic Party would have already signed off on the deal, along with the Republicans in the Senate. As for the House of Representatives, the Republican minority leader, Rep. John Boehner, had joined with the Democratic speaker of the house, Nancy Pelosi, to issue a statement pledging support for a bipartisan bill that would conform to the basic provisions of the proposal first broached by Paulson the previous Friday.

Early Thursday afternoon, prior to the White House summit, the heads of the banking and finance committees of the House and Senate emerged from talks to announce that they had arrived at an agreed framework for a bailout plan which, with minor amendments, accepted the principles of the scheme proposed by Paulson.

Christopher Dodd, the Democratic chairman of the Senate Banking Committee, spoke for the group, saying, "We're giving [Paulson] authority that he will need in order to act and the funding that he will need." He predicted that a final bill would pass both houses of Congress within a few days.

But the White House meeting turned into a contentious affair and ended in disarray. Boehner, with the tacit support of McCain, raised objections to the deal that have been voiced by a large number of right-wing House Republicans, and announced that he had a counterproposal. His intervention blindsided the Democrats, who emerged from the meeting denouncing Boehner and McCain and pledging to continue the push for rapid passage of the Paulson plan.

Ever since Paulson presented his bailout plan last week, the Democrats have taken the lead in the drive to pass the necessary legislation. They have lavished praise on Paulson and Federal Reserve Board Chairman Ben Bernanke, who testified before the House and Senate banking committees on Tuesday and Wednesday to promote the deal.

After Bush spoke Wednesday night, the Democratic chairmen of the banking committees went out of their way to praise him, presenting the spectacle of leaders of the nominal opposition party hailing the most hated president in modern American history for his efforts to carry out one of the most antidemocratic and reactionary measures in the history of the country.

Christopher Dodd, the chairman of the Senate Banking Committee, welcomed Bush's speech as a "quantum leap forward" in gaining passage of the bailout.

Obama, for his part, has made the principal task of his campaign assuring Wall Street of his support for the bailout and his overall reliability as a defender of the interests of the financial elite.

This has opened the door for McCain and right-wing House Republicans to posture as opponents of Wall Street and identify themselves with massive popular opposition to the bailout. The faction of House Republicans who have denounced the measure represents right-wing libertarian elements within the party who identify social spending and government intervention in the capitalist

“free market” with what they consider the ultimate evil—socialism. They base themselves on appeals primarily to middle class layers, utilizing anti-tax and nationalist demagoguery as their stock in trade.

In opposing the bailout, they are, moreover, responding to bitter opposition to the windfall for Wall Street among their constituents. The media and politicians of both parties have acknowledged that there is massive popular opposition to the bailout scheme.

The *Los Angeles Times* on Thursday called the proposal “wildly unpopular.” The *New York Times* reported that the “delicate” negotiations between Paulson and congressional leaders were “complicated” by pressure on rank-and-file legislators “who were fielding torrents of complaints from constituents furious that their own money was going to be spent to clear up a mess created by high-paid financial executives.”

The newspaper gave several examples of lawmakers who have been inundated with hostile emails and phone calls over the past week. “Senator Barbara Boxer, Democrat of California,” it noted, “has received nearly 17,000 email messages, nearly all opposed to the bailout, her office said. More than 2,000 constituents called Ms. Boxer’s California office on Tuesday alone; just 40 favored the bailout. Her Washington office received 918 calls. Just one supported the rescue plan.

“Senator Sherrod Brown, Democrat of Ohio, said he had been getting 2,000 email messages and telephone calls a day, roughly 85 percent opposed.”

What neither the media nor the politicians have pointed out is the brazen violation of any conception of democracy, even by the eviscerated and restricted standards of the American two-party system, represented by the enactment of such a momentous measure, which will impose massive burdens on the American people for decades to come, on the eve of a national election by a lame duck president and a Congress nearing the end of its tenure.

The Democrats’ rush to pass the bailout is driven by the most cynical calculations. They want the decision to be taken before the November elections, so that in the event they win, an Obama administration, with an increased Democratic majority in both houses of Congress, can claim that its hands are tied and it has no alternative but to pursue a right-wing policy of austerity, including savage cuts in social spending.

The Socialist Equality Party completely rejects the bailout of Wall Street and the entire framework within which the Bush administration and the Democratic Party

seek to deal with the financial crisis. Our opposition has nothing in common with that of some of the most right-wing sections of the Republican Party.

The responsibility for the economic crisis rests with the capitalist system. The near-collapse of the American banking system has exposed not only the economic bankruptcy of the profit system, but also the fundamentally unrepresentative character of its political system.

This crisis is the product of the unbridled greed and criminality of the financial elite. More fundamentally, it is the outcome of the long-term decline and decay of American capitalism.

There is no progressive or democratic solution within the framework of this system. If the resources of the country must be mobilized to resolve the economic crisis and prevent a catastrophe, then they must be taken out of the hands of the financial parasites and placed under the democratic control of the working people.

The working class must be mobilized as an independent political force, in opposition to both parties of Wall Street, to establish a workers’ government and carry out the socialist nationalization, without compensation, of the banks and finance industry, so that the financial resources of the country can be allocated to meet the social needs of the people, rather than the money-mad strivings of a financial aristocracy.

Only on this basis can the urgent need be met for decent-paying jobs, retirement security, education, health care and high-quality housing for all.

This is the program of the SEP and our candidates for president and vice president, Jerry White and Bill Van Auken. We call on all those who agree on the need for a socialist alternative to support our election campaign and join the SEP.

To find out more about the SEP campaign, visit www.socialquality.com or contact us.



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