

A travesty of democracy

Democrats, Republicans conspire to remove Wall Street bailout from election debate

Patrick Martin
27 September 2008

Closed-door talks continued throughout the day Friday between congressional Democratic and Republican leaders and the Bush administration, with all sides pledging to reach agreement on terms of a \$700 billion bailout package for the US financial system before the Asian stock markets open Monday morning—Sunday afternoon in the US.

Both parties agree on one fundamental principle: The American people will have no say whatsoever in an arrangement that will compel them to pay for the losses of bankers and speculators who created the financial disaster. That is the content of the demand on all sides that “politics” be kept out of the bailout talks.

Democrats were particularly insistent on this question. Democratic presidential candidate Barack Obama said after Thursday’s meeting at the White House blew up in acrimony, “When you inject presidential politics into delicate negotiations, it’s not necessarily as helpful as it needs to be.”

Congressional Democratic leaders followed suit. Senate Majority Leader Harry Reid said, “The insertion of presidential politics has not been helpful.” His deputy, Senator Dick Durbin of Illinois, added, “Bringing the presidential political campaigns to the halls of Congress is not going to make this any easier.”

This is the same argument made by some of the same Democrats in October 2002, when they rushed through a vote authorizing the use of military force against Iraq only weeks before the congressional elections, to avoid having the elections become a referendum on the Bush administration’s drive to war.

If America were a democracy in any meaningful sense of the term, it would be considered obligatory to have a full discussion and debate in the course of an

election campaign over plans to raid the federal treasury and mortgage future generations to guarantee the riches of the financial elite.

But if the bailout were on the ballot November 4, the voters would repudiate it overwhelmingly. It is precisely because of this opposition that the conspirators of both parties are seeking to reach an agreement this weekend, preempting the issue and depriving the American public of any say in a decision that will profoundly affect the future course of the country.

Neither party wants to go before the American people with its real program.

The Democratic Party, as the past week’s events have clearly demonstrated, is the servant of Wall Street. Long gone are the days when liberal Democrats postured as opponents of the moneyed interests.

There is virtual unanimity among the Democrats on the need to bail out Wall Street and grant the treasury secretary full authority to deal with the crisis in the credit markets. The Democrats privately welcome the opportunity to implement the plan before the elections, in order to provide an all-purpose excuse for an Obama administration to abandon its campaign promises and implement austerity policies.

The Republicans are equally committed to the defense of the financial aristocracy, but a section of House Republicans has disrupted the deal-making in Washington, at least temporarily, with a demagogic populist campaign against the bailout. While claiming to oppose a taxpayer subsidy to Wall Street, the House Republicans are merely proposing to change the form of the handout. They advocate the elimination of the capital gains tax and massive cuts in corporate taxes as

an alternative.

The official debate in Washington entirely excludes the most fundamental class question: Who is responsible for the crisis?

Working people did not cause the collapse of the market for mortgage-backed securities, created by Wall Street speculators to generate quick profits through financial manipulation. More than 90 percent of American homeowners are current on their mortgage payments—often at great sacrifice, despite the impact of deepening recession, layoffs, wage-cutting and exorbitant expenses for health care, education and other necessities. Nonetheless, the full burden of the crisis is to be imposed on working people through cuts in social spending and increased taxes that will be required to pay for the bailout.

The class divisions in America were underscored by a second development on Friday. The House of Representatives passed a Democratic-supported economic stimulus bill, providing \$61 billion in additional funding for extended unemployment benefits, tax credits for small businesses, food stamps, Medicaid programs and infrastructure projects.

The Senate failed to achieve the 60-vote margin required to bring a similar bill to a vote, falling eight votes short, and President Bush promised a veto should any such legislation gain passage.

The contrast is stark: Unlimited funds are available for Wall Street, but even a comparative pittance for working people and small business is out of the question.

The financial crisis has demonstrated the economic failure of the capitalist system and the bankruptcy of its political structure. There is no way for the interests and concerns of working people to find genuine expression through the two big business parties.

The Democratic Party, long used by the ruling elite as a safety valve for popular grievances, is now completely identified with corporate America and Wall Street. In the current crisis, the Democrats and the Bush administration have formed a united front. One extraordinary scene at the White House on Thursday, widely reported in the press, sums it up.

After House Republicans, backed by the Republican presidential candidate Senator John McCain, raised their objections to the bailout plan, in what Democratic negotiators described as an “ambush,” Treasury

Secretary Henry Paulson pleaded with House Speaker Nancy Pelosi not to allow the negotiations to collapse. At one point, he went down on one knee to the Democratic House leader, and when the Democrats pointed out that it was the House Republicans who were responsible for the breakup of the talks, Paulson replied, “I know, I know.”



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact