

Evasions, half-truths and lies

Bush demands passage of Wall Street bailout

Socialist Equality Party
25 September 2008

The Socialist Equality Party emphatically rejects President George Bush's call, in his televised speech Wednesday night, for a massive bailout of Wall Street.

Bush's 13-minute speech was a compendium of evasions, half-truths and outright lies. While declaring that the United States is "in the midst of a serious financial crisis" and demanding the immediate passage of legislation that will hand over at least \$700 billion to Wall Street banks—by buying up their unsalable assets at inflated prices and placing the burden for their losses on millions of working class families—Bush offered no credible explanation of the cause of the crisis. Nor did he explain how the proposed bailout of the bank will be implemented, let alone how it will stave off economic disaster for the working class.

His claim that the "rescue effort" will "help American consumers and businesses get credit to meet their daily needs and create jobs" is patently untrue. There is a consensus in the financial press, especially outside the United States, that the bailout will accelerate the descent of the American and world economy into the deepest recession, if not depression, since the end of World War II.

"I know many Americans have questions tonight," Bush stated. "How did we reach this point in our economy? How will the solution I propose work? And what does this mean for your financial future?"

"These are good questions," he continued, "and they deserve clear answers."

But no such answers were provided by Bush. Instead, he offered a bizarre narrative which presented the unfolding disaster as if it were the result of inexplicable cosmic forces.

"Investment banks," he stated, "found themselves saddled with large amounts of assets they could not sell. They ran out of money needed to meet their immediate obligations, and they faced imminent collapse."

"Other banks found themselves in severe financial trouble. These banks began holding on to their money, and lending dried up, and the gears of the American financial system began grinding to a halt."

But amidst all the banalities and despite his own intentions, Bush's speech amounted to a devastating and unprecedented exposure and indictment of the social, economic and political

system in the United States. Speaking before a national and international audience, he admitted that the largest capitalist economy in the world stands on the very brink of collapse.

"There has been a widespread loss of confidence," Bush stated, "and major sections of America's financial system are at risk of shutting down."

He declared that if the bailout package was not supported by Congress, "America could slip into a financial panic and a distressing scenario would unfold."

"More banks could fail, including some in your community. The stock market would drop even more, which would reduce the value of your retirement account. The value of your home could plummet. Foreclosures would rise dramatically."

"And if you own a business or a farm, you would find it harder and more expensive to get credit. More businesses would close their doors, and millions of Americans could lose their jobs."

"Even if you have a good credit history, it would be more difficult for you to get the loans you need to buy a car or send your children to college. And, ultimately, our country could experience a long and painful recession."

As for how this desperate situation had developed, Bush made some perfunctory remarks about the housing crisis, followed by vague references to bad decisions, irresponsible actions by a few unnamed individuals, and excesses on Wall Street.

But he could not explain how the handover of more than \$700 billion in taxpayer money to the banks and investment firms will resolve the crisis.

In fact, his bailout plan is a naked attempt by the most powerful sections of the American ruling class to exploit a crisis of their own making to further enrich themselves, while imposing the burden on the working class of the United States and the entire world.

Bush concluded by assuring one and all that "democratic capitalism" is the "best system the world has ever devised." In reality, capitalism stands exposed as an inherently unstable system riven by corruption, in which the social interests of the masses of people are placed at the mercy of economic parasites.

Perhaps the greatest falsehood in Bush's speech was his assertion that the handout to Wall Street is needed because

“The market is not functioning properly.” In reality, the market is functioning in accordance with the laws of capitalism, where irrationality and criminality in economic decision-making is rooted in the very nature of the profit system.

As for the bailout plan proposed by Bush, it has been devised for one central purpose—to protect the financial elite from the economic losses resulting from the collapse of the mountain of debt they have created in pursuit of super profits and gargantuan personal incomes.

In congressional hearings held this week, Treasury Secretary Henry Paulson and Federal Reserve Chairman Ben Bernanke were incapable of providing any coherent explanation of how their bailout plan will do anything other than provide a massive windfall for the banks, while consigning millions of workers who face the loss of their homes and livelihoods to their fate.

The naked class character of the bailout plan is underscored by the bitter opposition of the banks to even the most minimal restraints on executive pay and suggestions that they give up some stock in exchange for their plundering of the public treasury.

With Bush’s speech, the pressure for quick congressional action to pass the bailout plan will intensify. Throughout the week, the Democratic Party leaders in both the House and Senate have accepted the basic framework of the bailout. Their half-hearted and semi-theatrical objections to various aspects of the plan have been little more than cynical gestures to the massive popular opposition to the bailout.

In his remarks Wednesday night, Senator Christopher Dodd, chairman of the Senate Banking Committee, repeated what has become the mantra of the Democrats, saying it was necessary to “think ahead” and not deal with the causes of the crisis. As though a solution can be found to the breakdown in the US and world economic system without considering its causes.

Democratic Presidential candidate Barack Obama has given his full support to the bailout, even going so far as to suggest he might keep Paulson on as treasury secretary in an Obama administration. All of his demagoguery about “change” and a “new politics” has been exposed as window dressing for a right-wing politician who is seeking to gain the White House by assuring the media and the financial aristocracy that he will ruthlessly defend the interests of finance capital.

These events have exposed both the failure of the capitalist system and the fundamental class divisions that dominate American society. They have revealed the two-party system to be nothing other than an instrument of the financial aristocracy, and the existence, behind the trappings of democracy, of a plutocracy—the rule of the rich.

The great question is: Who will pay for the crisis?

The Socialist Equality Party rejects the entire framework within which the Bush administration and the Democratic Party propose to deal with the financial disaster. However they quibble over minor details, they all agree that the working class, the overwhelming majority of the people, must bear the

burden of the crisis.

The position of the SEP is that this crisis demonstrates the urgent need for a fundamental change in both the political structure and economic system of the United States.

The working class must be mobilized as an independent political force, in opposition to the plutocracy that rules the United States through the Democrats and Republicans, the two parties of the capitalist class.

On this basis, it must advance a socialist solution to the capitalist catastrophe.

The Socialist Equality Party calls for the nationalization of the banks and big financial firms—without compensation to their former owners—and their transformation into public utilities under the democratic control of the working people. The great financial levers of society must be freed from private ownership and utilized to distribute and expand the productive forces to provide for the needs of the people.

The billions of dollars in social wealth diverted into the private accounts of speculators and bankers must be recovered, to be used for the expansion of social programs that benefit the masses.

There must be a public accounting of the fraud and corruption that have fueled the crisis, and those responsible must be held accountable, including by means of criminal prosecution.

The books of the major banks, financial firms, insurance companies and hedge funds must be opened to public examination, to lay bare illegal and socially destructive activity.

The Socialist Equality Party advocates the creation of a workers’ government—a government of, by and for the working class—to carry out emergency measures to resolve the crisis in the interests of working people, including a halt to all foreclosures and repossession of homes, the creation of millions of public works jobs, a ban on wage-cutting and layoffs, and an enormous expansion in public services.

This program is being advanced in the 2008 elections by the presidential and vice-presidential candidates of the SEP, Jerome White and Bill Van Auken.

We call on all those who see the need for a socialist alternative to support this campaign and join the Socialist Equality Party (<http://www.socialequality.com>).



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact