

SEP presidential candidate Jerry White addresses ISSE meeting at the University of Michigan

Our reporter
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On September 24, SEP presidential candidate Jerry White spoke on the financial crisis at a well-attended public meeting at the University of Michigan in Ann Arbor. The meeting was the first in a series of election meetings organized by the SEP. (See “The origins and implications of the financial crisis: A Marxist analysis”)

Speaking to about 50 students and workers, White explained the root cause of the present economic crisis and elaborated the SEP’s opposition to the Wall Street bailout under consideration in Washington. The meeting was hosted by the International Students for Social Equality (ISSE).

The interest expressed at the meeting reflected growing popular anger over the plan to bail out Wall Street, even as the vast majority of the population faces increasing economic hardship.

White noted that US politicians and media, including both Democratic presidential candidate Barack Obama and Republican candidate John McCain, were trying to stampede the US public into handing over \$700 billion to Wall Street. He said: “The government’s plan to take over the nearly worthless mortgage-backed securities being held by the banks and big investment firms will, in the end, make even richer the financial aristocracy whose anti-social and no doubt criminal activity has brought the US and indeed the world economy to the brink of financial collapse on a scale not seen since the Wall Street crash of 1929.”

White noted that the bailout would be overseen by Treasury Secretary Henry Paulson, a multimillionaire ex-CEO of Wall Street investment bank Goldman Sachs. White said: “According to the bailout plan, Paulson is authorized to delegate ‘financial

institutions’ to operate the program. In other words, Paulson will hand over substantial direction of the program to his co-conspirators on Wall Street.”

The SEP candidate said that the bailout, whose size exceeds the annual cost of Social Security, would have disastrous consequences for working people: “Far from resolving the economic crisis, it will raise the national debt to staggering levels, further threatening the solvency of the country and paving the way for a sharp fall in the dollar and an explosion of inflation. This would lead to a deepening of the recession and the destruction of millions more jobs.” White continued, “Facing massive deficits, the next administration, whether Democrat or Republican, will embark on the worst austerity policy in history, including sharply reducing funding for key entitlement programs.”

White explained that the formation and bursting of the mortgage bubble were the latest in a series of financial crises—including the 1987 US stock market collapse, followed by the Savings & Loan bankruptcies, then the Southeast Asian crisis of 1997-1998 and the bursting of the dot-com bubble in 2001—stemming from the financialization of the US economy, as US industry declined and social inequality grew starting in the 1970s.

He said: “In 1979, then-Federal Reserve Chairman Paul Volcker raised interest rates to 20 percent. The ‘Volcker shock’ deliberately provoked the worst recession since the 1930s. The tidal wave of factory closings and layoffs of millions of workers—later dubbed the ‘deindustrialization of America’ by *Business Week* magazine—and the wave of government union-busting during the Reagan years, was used to impose a drastic reduction in workers’

living standards. This process freed up capital from industries that were not producing sufficient profit returns to investors, who then moved into far more lucrative and speculative ventures.”

White added: “The reactionary outlook of this new financial aristocracy was summed up by hedge fund manager Raymond Diallo, head of Bridgewater Associates, who personally pocketed \$350 million in 2006: ‘The money that’s made from manufacturing stuff is a pittance in comparison to the amount of money made from shuffling money around.’”

The attempt by this financial aristocracy to bail itself out by raiding public funds and pauperizing the working class will provoke mass opposition, White stated, adding: “There will be massive resistance to the efforts to return working people to the days of the Great Depression. Many of the lies and myths that have been used to convince people that there is no alternative to the free market are being exploded. The great ‘innovators’ and masters of the financial universe have turned out to be con men and criminals.”

White called for the building of a socialist movement in response to the economic crisis, based on a program that includes the nationalization of the banks and financial institutions and the reorganization of society along socialist lines, with popular democratic control over the giant productive forces.

White’s remarks were followed by an extensive question and answer period, and several students stayed after the end of the meeting for further discussion. Among the questions that arose were the origins and legacy of anticommunism in American politics. Students also asked about the possibility and methods of democratically carrying out changes to benefit working people, given the domination of US politics by the two, corporate-funded big business parties.

Nicole, a senior at the University of Michigan, told the WSWS after the meeting, “Personally I oppose the bailout. I don’t think we need to be picking up the pieces of the elitists and their mistakes.” She said her own future prospects were unclear because she was graduating with student loans. “With my current family situation along with the financial situation in Metro Detroit, I don’t know if I’ll be able to get the loan money that I need to pay \$44,000 a year” to go to law school, she said.

Leslie, an undergraduate in environmental policy,

said her capitalist convictions were challenged while studying abroad in rural Thailand, where she saw farmers impoverished by US-backed policies. “I am glad that I saw a lot of my peers at the meeting,” she said. “The mainstream media and even the educational institutions that we go to condescend to any third party interest or third party thought that challenges capitalism or challenges the mainstream status quo.”

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