

Obama demands deep cutbacks to pay for Wall Street bailout

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23 September 2008

As the Bush administration and Congress continued negotiations Monday on a trillion-dollar bailout package for Wall Street, Democratic presidential candidate Senator Barack Obama delivered a speech in Green Bay, Wisconsin in which he promised to carry out sweeping cuts in government spending and impose strict fiscal discipline on the US government.

“If we hope to meet the challenges of our time, we must make difficult choices,” Obama declared. “As president, I will go through the entire federal budget, page by page, line by line, and I will eliminate the programs that don’t work and aren’t needed.”

As with all of his speeches, Obama’s remarks were pitched simultaneously to two audiences. In an appeal for popular support, he laced his speech with demagoguery about “addressing not just the crisis on Wall Street, but the crisis on Main Street” along with condemnations of greedy CEOs and unethical lobbyists.

But for what constitutes his most important constituency—the banks, Wall Street finance houses and corporations that have contributed lavishly to his campaign—the thrust of his remarks was clear. Obama is casting himself as the champion of fiscal austerity and defender of the fundamental interests of finance capital.

Given this orientation, and his backing for the bailout, the feigned concern about “Main Street” is so much hypocritical rhetoric. The decision to shower money on Wall Street precludes any significant spending to improve social conditions for the broad mass of the population and renders Obama’s extremely limited and vague promises of reforms meaningless.

Under conditions in which millions of American working people are outraged over the bailout and the grossly undemocratic manner in which it is being rammed down their throats, the candidate of the ostensible party of opposition is presenting a plan to

make the people pay for it.

“I am not a Democrat who believes that we can or should defend every government program just because it’s there,” Obama told the crowd, indicating that he is prepared to confront members of his own party in Congress to impose the kind of fiscal austerity that will be required to cover the immense expenditures being marshaled to rescue America’s financial aristocracy.

Sounding like a Reagan Republican, Obama presented an 11-page “Plan to Reform the Greed and Excesses of Washington.” In it, he vowed to take a meat ax to the federal government: “We will fire government managers who aren’t getting results, we will cut funding for programs that are wasting your money, and we will use technology and lessons from the private sector to improve efficiency across every level of government—because we cannot meet twenty-first century challenges with a twentieth century bureaucracy.”

Precisely which lessons in ‘efficiency’ from a private sector that has squandered trillions of dollars and brought the country to the brink of a depression, Obama did not spell out.

Earlier, in an interview with the *New York Times*, Obama suggested that he might keep Bush’s treasury secretary, the former Goldman Sachs CEO and architect of the bailout plan, Henry Paulson, as a member of his own administration.

Obama, the *Times* reported, “does not rule out retaining Mr. Paulson, a Republican. The two have spoken almost daily since Treasury put the mortgage giants Fannie Mae and Freddie Mac into government conservatorships two weeks ago, and Mr. Obama speaks highly of Mr. Paulson.”

“Getting a new person to start juggling those balls is going to be tricky,” Obama told the *Times* on Saturday.

“Regardless of who wins the election, the issue of transition to the next administration is going to be very important. And it’s going to have to be executed with a spirit of bipartisanship and cooperation.”

The Democratic candidate stressed that the transition would have to be “seamless” between the Bush administration and his own, “not just because of the financial crisis, but also because we’re in the middle of two wars and we are still vulnerable to terrorist attacks.”

For a candidate who has incessantly declared himself the champion of “change,” the pledge to execute a “bipartisan” and “seamless” transition in the handling of the deepest economic crisis since the Great Depression, the waging of two wars of aggression and the continuation of the so-called “war on terror” could not be more revealing.

With whatever changes in tactics, the wars to dominate the strategic energy reserves of the Persian Gulf and Central Asia will continue. It is worth noting that for all of his talk of eliminating “wasteful” programs and slashing budgets, Obama has given no indication that he intends to cut a dollar from military spending, which on an annual basis is roughly equal to the official estimate of \$700 billion to pay for the Wall Street bailout. Rather, he has vowed to increase it by adding another 100,000 troops and modernizing the US war machine.

The “seamless transition” in the war on terror was already indicated by the Democratic candidate’s vote in July in favor of legislation that effectively legalized the Bush administration’s domestic surveillance operation, while granting the major telecom companies a blanket retroactive amnesty for their participation in illegal spying on American citizens. The attacks on democratic rights at home and the use of criminal methods abroad will continue.

Now, in the face of the desperate crisis of American capitalism, Obama is assuring continuity with the policies being enacted by the Bush administration, with the full complicity of the Democratic congressional leadership. These policies amount to the looting of the US treasury to protect the wealth of the financial oligarchy against the consequences of its own parasitism.

The decisions being taken this week in Washington on the Wall Street bailout have rendered the November

election virtually irrelevant. The Democrats and Obama, no less than the Republicans and McCain, have lined up behind what amounts to a vast new transfer of wealth from American working people, the vast majority of the population, to a tiny, obscenely wealthy layer at the top.

This decision will determine the policies of the next administration, whoever wins in November. It will require a frontal assault on bedrock social programs such as Social Security, Medicare and Medicaid, and it will mean a sharp acceleration in the decimation of wages and working class living standards, as the pumping of a trillion dollars or more into the coffers of the major banks and finance houses drives down the value of the dollar and sparks a new inflationary spiral.

Obama’s speech Monday represents a clear warning that he is preparing to carry out such attacks and is attempting to convince the real constituency of both major parties—the banks, corporations and financial elite—that he is the best choice for enacting radical austerity measures.



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