

Obama's embrace of bailout wins favor on Wall Street

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25 September 2008

Democratic presidential candidate Barack Obama has seized upon the financial crisis to increase his support within the US financial elite by giving all-out backing to a federal bailout of Wall Street and providing assurances that an Obama administration will be a reliable and ruthless defender of corporate interests.

While past Democratic presidential candidates have employed populist demagoguery, like Al Gore's rhetoric in 2000 about defending "the people" against "the powerful," Obama has carefully avoided such language in his response to the economic crisis. Instead, he has called for bipartisan unity to insure passage of bailout legislation along the lines proposed by the Bush administration.

"The clock is ticking on this crisis," he told a campaign gathering in Florida Wednesday. "We have to act swiftly but we also have to get it right. And that means everyone—Republicans and Democrats, and the White House and Congress—must work together to come up with a solution..."

He added that it was wrong to expect Congress to "hand this administration or any administration a \$700 billion check with no conditions and no oversight when a lack of oversight in Washington and on Wall Street is exactly what got us into this mess." In other words, with the addition a few cosmetic changes to the Bush administration proposal, the \$700 billion check for Wall Street should be delivered.

Obama has repeatedly called for bipartisan unity to work out bailout legislation, while declaring that he would scale back or postpone any plans for increased domestic spending because the necessary resources would have to be made available for Wall Street.

A key supporter of Obama, billionaire investor Warren Buffett, in an interview Wednesday with CNBC gave unqualified support to the Bush bailout

plan and urged that the next administration retain Henry Paulson as treasury secretary.

The Republican candidate John McCain, facing sagging poll numbers, has sought to strike a more populist pose while disassociating himself with the Bush administration. At one point he called for limiting CEO pay to \$400,000.

In an interview with the CBS News program "60 Minutes" broadcast Sunday, he described the mushrooming of mortgage-backed securities and derivatives as a "Ponzi scheme" and declared that "the Bush administration has failed" in its responsibility to regulate the financial system.

McCain campaign officials even denied Tuesday that he was committed to supporting the bailout, suggesting that his support depended on the final shape of the deal between the Bush administration and the Democratic-controlled Congress.

McCain's populist demagoguery, combined with Obama's assurances to Wall Street, has elicited a series of critical commentaries in the press directed against the Republican candidate. A *Wall Street Journal* editorial declared that McCain "doesn't understand what's happening on Wall Street any better than Barack Obama does."

Conservative columnist George Will, in a column titled "McCain Loses His Head," wrote: "Under the pressure of the financial crisis, one presidential candidate is behaving like a flustered rookie playing in a league too high. It is not Barack Obama."

The *Washington Post* published an editorial Wednesday declaring, "Mr. McCain has come off so far as more impulsive than Mr. Obama and more given to showy gestures than serious policymaking." The editorial described Obama as "appropriately prudent" and "more statesmanlike," and praised his declaration

that he would hold back spending plans to pay for the bailout.

There has also been growing commentary in the media concerning ties between key McCain advisers and the two failed mortgage giants, Fannie Mae and Freddie Mac, which were taken over by the government earlier this month. Articles have appeared in the *New York Times*, the *Washington Post*, *Bloomberg News* and *Newsweek* magazine documenting hundreds of thousands of dollars in retainers and fees paid by the two mortgage firms to the lobbying firm in which McCain's campaign manager, Rick Davis, is a partner, and to William Timmons, the longtime lobbyist who is planning the transition arrangements for a McCain administration.

These exposés have undermined McCain's efforts to portray himself as a scourge of lobbyists and "special interests," and blunted his attacks on Obama for similar connections to Fannie Mae executives. The McCain campaign has been visibly shaken by these reports, initially denouncing the *Times* account, then falling silent when the press interest in the issue became widespread.

A series of opinion polls published Tuesday night and early Wednesday showed that Obama has taken a significant lead both nationally and in key states needed for victory in the Electoral College.

A *Washington Post*/ABC News poll found that Obama had opened up a nine point lead, 52 percent to 43 percent, the largest for either candidate since the primary season concluded. A similar poll conducted for Fox Television found a six point Obama lead, 45 percent to 39 percent. This was the largest Democratic margin in polling for that network, which is the principal media voice of the Republican right.

When Obama approached the Republican campaign Wednesday morning with a proposal to issue a joint statement in support of some form of bailout legislation—pursuing his campaign for a bipartisan agreement—McCain responded by trying to shift course abruptly and recover his standing with the financial elite by presenting himself as even more committed to the bailout than his Democratic opponent.

He announced Wednesday afternoon that he was suspending his campaign to focus on the financial emergency, and called on Obama to do likewise. McCain shut down his media advertising, called off

campaign events scheduled this week, and said that the first presidential debate, set for Friday at the University of Mississippi, should be postponed.

Obama rejected the suggestion that Friday's debate be pushed back. But he accepted the offer by President Bush, announced in a nationally televised speech Wednesday night, to attend a meeting at the White House with McCain and congressional leaders of both parties.

Obama and McCain also issued a joint statement urging a bipartisan approach to the crisis, suggesting unspecified changes in the Bush plan, but concluding that "the effort to protect the American economy must not fail." The statement characterized the handout of hundreds of billions of taxpayer dollars to the richest people in the country as a boon to the American people, declaring, "This is a time to rise above politics for the good of the country."

The maneuvering between the candidates takes place in the context of an overall agreement between McCain and Obama that safeguarding the financial interests of Wall Street takes precedence over all other considerations. The actual policy differences between the Republican and Democratic candidates are miniscule. Neither advocates that those who caused the crisis—the billionaire speculators and bankers—should pay for it.



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