

# No return to the 1930s! For the public ownership of the banks!

SEP presidential candidate Jerome White  
17 September 2008

The bankruptcy of Wall Street firm Lehman Brothers and the forced take over of Merrill Lynch are the latest demonstrations of the collapse of American capitalism. All the lies and propaganda about the supposed infallibility of the “free market” are now utterly discredited. The people of the US and the world are confronting a financial catastrophe on a scale not seen since the Great Depression.

What is revealed in this crisis is not merely the recklessness, incompetence and greed of America’s financial elite, but the failure of capitalism—an economic and political system that subordinates the needs of society to profit and personal enrichment.

Who is going to pay for this crisis? Here the US corporate and political establishment agrees: working people must accept a drastic reduction in their living standards to bail out the Wall Street investors and banking executives who are responsible for this debacle.

The American ruling class has for decades championed “private enterprise” and the wonders of the market as the pinnacles of human civilization, capable of solving all problems, while socialism has been denounced as evil and oppressive. Over the past 30 years, the operations of big business were deregulated—under both Republican and Democratic administrations—removing all legal restraints on corporate profit-making and the personal accumulation of wealth.

The ruling class responded to the crisis of American capitalism by carrying out a deliberate policy of deindustrialization, which wiped out millions of jobs and decimated cities like Detroit. Vast industrial assets were destroyed, and the savings of workers were plundered in order to free up capital for the most parasitic forms of financial speculation.

Increasingly wealth was separated from the creation of real value. Corporate corruption and insider dealing became the norm, and vast fortunes were amassed in the hands of a small layer of the population.

Now, this orgy of financial speculation is coming to an end. Debts are coming due. The corporations and banks are determined to roll back the conditions of the working class to the 1930s to pay for the crisis created by the capitalist system.

Barack Obama and John McCain are absolutely committed to the defense of capitalism and America’s financial elite. The next president—whether a Democrat or Republican—will move to gut entitlement programs such as Medicare and Social Security and support the corporate attack on jobs and living standards.

McCain’s sudden discovery of “greed” on Wall Street is laughable, coming as it does from a long-time defender of the US corporate establishment. Obama’s complaints about a lack of oversight ignore the role of the Clinton administration, whose policies helped fuel the speculative explosion and sub-prime mortgage crisis. Obama is a no less committed defender of the financial elite, receiving more campaign cash from Wall Street firms such as Lehman Brothers and Goldman Sachs than John McCain.

The Democratic candidate proposes no criminal investigations and refuses to hold anyone responsible, making of his proposals for “regulation” thoroughly meaningless. In comments Tuesday, moreover, Obama declared his full support for the capitalist system, saying the “free market has been our engine of our progress,” which “rewarded the innovators and risk-takers.”

It is precisely these “risk-takers” and “innovators” who manufactured the forms of debt instruments and derivatives used to funnel billions into the hand of the

wealthy. Meanwhile, the working class—which had been declared virtually obsolete in the “new economy”—is, as Marxists have always insisted, the only producer of real value.

The *Financial Times* recently reported that compensation for major executives of the seven largest US banks totaled \$95 billion over the past three years, even as the banks recorded \$500 billion in losses. Of course, neither of the candidates suggest that this money should be paid back.

It is indicative of the decrepit state of American democracy that the bailout of mortgage giants Fannie Mae and Freddie Mac, followed by Wall Street insurer AIG—which will essentially double the national debt while providing nothing for distressed homeowners—was taken without the slightest political debate or discussion. This underscores once again that the political system in America is as fraudulent as the banking system. It is a plutocracy, i.e., a government of, by and for the rich.

The alternative to capitalism and financial catastrophe is socialism—the reorganization of economic life to meet social needs and not private profit.

I call for:

- \* A public auditing of corporate finances and the personal accounts of the top management of the financial institutions over the past decade.

- \* The recovery of the vast sums of money that have been pocketed by the wealthy elite. Those responsible for the economic devastation must be brought to justice.

- \* A massive public fund to make whole all of the victims of predatory lending and the collapse of home values. All home foreclosures must be immediately halted, and funds made available to provide quality housing for all.

- \* Trillions of dollars for rebuilding basic industry, cities and the country’s infrastructure. This should be paid for through the establishment of a genuinely progressive tax system that drastically increases taxes on the wealthy, and through the dismantling of the gigantic US war machine.

- \* Transforming the giant banks and financial institutions into publicly owned and democratically controlled utilities, with measures taken to protect small shareholders. The financial resources of society—which are the product of the labor of millions

of working people—must not be left in the hands of a financial aristocracy.

- \* Reorganizing the economy on the basis of a rational, democratic and egalitarian plan guided by the socialist principle of production for human needs, not the enrichment of the already fabulously wealthy.

Insofar as the Democrats even mention the economic crisis it is to promote economic chauvinism and the pitting of American workers against workers in other countries. In fact, the global consequences of the breakdown of American capitalism demonstrated: 1) the integration of the world economy, and 2) the pressing necessity for the international unity of the working class in the struggle to defend jobs and living standards.

The SEP encourages all forms of mass opposition to attacks on social services, the gutting of jobs and the wave of home foreclosures. This crisis has proven that the capitalist class is unfit to direct economic and political life and that working people must establish genuine democratic control over society.

This requires a political break with the two parties of big business and the building of a mass political party of the working class fighting for a socialist alternative. I encourage workers and youth to support our election campaign, contribute to our fund and above all make the decision to join and build the Socialist Equality Party.

*Click here to contact the Socialist Equality Party and take part the SEP election campaign.*



To contact the WSWS and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**