

Washington's "shock" over AIG's post-bailout junket

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It was revealed last Tuesday at a congressional hearing that a week after the government bailed out insurance giant AIG to the tune of \$85 billion, the company hosted its top life insurance agents at the luxury St. Regis Resort in Monarch Beach, California. There they ran up a bill of over \$443,000 that included \$200,000 for rooms, \$150,000 for catered banquets, \$23,000 for the spa and nearly \$7,000 in golfing fees.

Because of the public outcry, AIG on Thursday called off a second retreat that was to be held at the Ritz Carlton Resort in Half Moon Bay, California, although not without complaints from AIG executives that the cancellation was producing "demoralization."

Politicians from both parties, including President Bush and Democratic presidential candidate Barack Obama, expressed indignation over the AIG affair.

Typical were the remarks of Max Baucus, the Montana Democrat and chairman of the Senate Finance Committee, who sent a letter to Federal Reserve Chairman Ben Bernanke declaring, "This kind of behavior is an insult to taxpayers whose dollars are used to protect and preserve private companies. Provisions must be in place to end frivolous expenses, limit executive compensation and protect taxpayers from unnecessary risks."

Obama condemned the AIG junket during last Tuesday night's presidential debate. "The Treasury should demand that money back and those executives should be fired," he said.

The final voice of moral authority came from the White House. Bush's press secretary, Dana Perino,

pronounced the junket "pretty despicable" and informed the world, "The president did not want to move forward on this rescue package to help anybody in the top positions on Wall Street. He was concerned about everyday people like you and me."

What hypocrisy! If ever the phrase "strain at a gnat and swallow a camel" applied, it applied in spades to the supposed outrage of official Washington over AIG's doling out some half a million dollars for a luxury retreat. The flurry of condemnation was an exercise in play-acting intended for public consumption on the part of those who are bailing out the financial aristocracy while refusing to lift a finger for ordinary Americans who face layoffs, the loss of their retirement savings and foreclosure as a result of the financial meltdown.

Just two days after the Capitol Hill fulminations over the corporate junket, the Federal Reserve Board loaned AIG another \$37.5 billion on top of the original \$85 billion handout.

There is nothing strange, or, from the privileged perspective of the political elite in Washington, exceptional about the sort of lifestyle exhibited by AIG. The *Los Angeles Times* reported on Thursday that Wachovia, soon to be acquired by Wells Fargo for over \$11 billion, is sending 75 executives and their spouses on a cruise to the Greek Islands.

All of the politicians of the two parties that monopolize political power in America are tied to the financial elite by financial, political and personal connections. They are its representatives. Not a few have participated in lavish bashes thrown by the barons of Wall Street.

Max Baucus, for example, counts AIG among his top five campaign contributors. According to the Center for Responsive Politics, he has raised nearly \$11 million for his reelection campaign, of which \$46,750 has come from AIG. Another top contributor is Goldman Sachs, formerly headed by Treasury Secretary Henry Paulson, which has paid out \$48,900. In all, the securities and investment industry has donated \$768,518 to Baucus's campaign.

Baucus's support from the financial sector is typical for a ranking Democrat in the Senate or the House of Representatives. Charles Schumer, the senior senator from New York who chairs the Joint Economic Committee, has already raised \$12 million for his 2012 campaign, including \$80,000 from Citigroup and over \$79,000 from UBS. Altogether, securities and investments companies have given Schumer \$1,370,390.

Obama has received over \$22 million from the financial sector-50 percent more than his Republican rival John McCain-with nearly \$10 million of it coming from the Wall Street finance houses and another \$1.6 million from insurance firms. The rest has come from commercial banks, real estate investors and various other financial operations.

AIG itself has spent over \$6 million dollars this year to lobby Congress. It has 16 major lobbyists on its payroll.

The pattern is the same for the top executives of other companies that are being rescued with public funds. In July, the Center for Responsive Politics revealed the wide-ranging influence in Congress of mortgage giants Fannie Mae and Freddie Mac:

"Freddie Mac has given so much money to federal candidates, parties and PACs, in fact, that the Center for Responsive Politics ranks it among the top 100 donors of all time. So far this year [2008] the company's PAC and employees have contributed \$478,300, 54 percent of which went to Democrats. Although Fannie Mae is not among the top 100 donors, it has given more in this election cycle than its

counterpart--nearly \$1 million, with 62 percent going to Democrats. Together, Fannie Mae and Freddie Mac are the #1 and #3 contributors in the mortgage banking industry. (The Mortgage Bankers Association is #2)."

As for vacations at fine resorts, a 2006 study by the Center for Public Integrity found that over the previous five-and-a-half years members of Congress and their staffs had over \$50 million worth of services lavished upon them in the course of at least 23,000 such trips.

One reader of the *Washington Post* commented on Tuesday's report of the AIG junket. The reader's views express a broad and growing sentiment in the American population.

"Why [does AIG] think they are above the law? Simple. They are. They have the means to purchase a \$10,000-a-plate dinner at BOTH RNC [Republican National Committee] and DNC [Democratic National Committee] fundraisers. And yes, they will do both, so they cover all the bases. So if you have the means, give to the RNC and DNC and you'll have complete immunity to just about everything. I'm personally shocked that people are surprised that this happened."

To divert public attention from their longstanding and corrupt relationship with Wall Street, even as they transfer hundreds of billions of dollars of taxpayer funds to their corporate sponsors, the politicians feign outrage. This theatrical exercise is an attempt to mask the obvious: that both major parties are controlled by the financial oligarchy and work to defend its interests against those of the working class, the vast majority of the population.



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