

# Socialism vs. the government bailout of capitalism

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The breakdown of the US financial system and the government bailout of Wall Street have seriously discredited the ideological justifications of capitalism.

Worship of the "free market" has long been something of a secular religion in the US. Capitalist ideology has proclaimed that the market's "invisible hand" will best advance the interests of historical progress, that taxes on the rich and regulations on big businesses must be reduced because only the "risk-takers" know where resources can best be allocated, that any sort of government intervention to improve the living conditions of workers, the poor, the elderly and jobless youth creates a "climate of dependency," that government cannot simply "throw money" at problems, etc., etc.

All these shibboleths now stand exposed as rank hypocrisy, as the biggest financial institutions belly up to the public trough. Yet amidst this historic crisis of the capitalist system, some of those opposed to Treasury Secretary Henry Paulson's Wall Street bailout have claimed that the measures employed are "socialist."

Suddenly--17 years after the Soviet Union's collapse and the supposed "death of socialism"--the "S" word is being bandied about by American politicians and media pundits.

Charges that the Wall Street bailout is socialism have come most frequently from the far right wing of the Republican Party. To note a few examples, Congressman Jeb Hensarling, a Texas Republican, claimed that Paulson's plan may put the US on, "the slippery slope to socialism." Representative Sam Johnson, also of Texas, warned, "As a relentless supporter of free enterprise, I fear we are rushing headlong into socialism." Senator Jim Bunning of Kentucky called Paulson's measures, "financial socialism" and "un-American." Congressman Thaddeus McCotter of Michigan even compared the bailout to the Bolshevik Revolution of 1917.

The claim that the Wall Street bailout is a socialist

measure is absurd on its face. Paulson, the former CEO of Goldman Sachs, who has an estimated personal fortune of \$700 million and is a member of the most right-wing administration in US history, has authored a bill that will ultimately divert trillions of dollars to the coffers of the biggest banks in the land. This is socialist?

Such claims display a combination of stupidity and deceit. Those who make them rely on the low level of historical knowledge and political understanding among the American people, for which the population is not to blame. It is the product of the decades-long promotion of political reaction and celebration of the most backward ideologies and conceptions-including hostility toward science-along with the gutting of public education.

A central component of this debasement of political and intellectual life has been the promotion of anti-communism, based largely on the false identification of socialism and Marxism with their political opposite, Stalinism.

The Socialist Equality Party, at its recent founding congress, explained concisely what socialism is in its Statement of Principles.

"Socialism portends the greatest and most progressive transformation of the form of man's social organization in world history--the ending of society based on classes and, therefore, of the exploitation of human beings by other human beings."

"The key industrial, financial, technological and natural resources must be taken out of the sphere of the capitalist market and private ownership, transferred to society and placed under the democratic supervision and control of the working class. The organization of economic life, on the basis of the capitalist law of value, must be replaced with its socialist reorganization on the basis of democratic economic planning, whose purpose is the fulfillment of social needs.

"New forms and structures of genuine participatory

democracy- arising in the course of revolutionary mass struggles and representative of the working class majority of the population- must be developed as the foundations of a workers' government; that is, a government of the workers, for the workers, and by the workers. The policy of such a government, as it introduces those measures essential for the socialist transformation of economic life, would be to encourage and actively promote a vast expansion of the democratic working class' participation in, and control over, decision-making processes."

The bailout measures are being enacted not by the working people, but are being imposed behind the backs of the people by the most powerful bankers, through their political representatives in both parties. Ownership and control of the financial levers of economic life remain entirely in the private hands of the richest people in the country. Those who have presided over the failure of private firms are dictating the terms of their own rescue at the expense of the people.

The social interests that are being defended are determined by the class nature of the state power that is formulating and enacting the measures. The events of the past month have demonstrated as never before that the American government and the US two-party system are political instruments not of the people, but rather of a financial oligarchy.

For their part, the right-wing Republicans initially opposed the bailout from the standpoint of "free market" capitalism. They are not against government intervention into the market per se. Rather, they oppose government action that in any way constrains the activities of the most powerful sections of finance capital.

They label as "socialism" any government measure that limits the ability of the major banks and corporations to maximize their profits, including such things as the minimum wage, restrictions on hours of work, health and safety regulations, environmental regulations, etc. They oppose tax increases for the wealthy and denounce as "big government" any and all government-run social programs.

Because the Democrats, along with their presidential candidate, Barack Obama, served as the bailout's most enthusiastic supporters and its principal legislative midwives, Republicans were able to make a demagogic pretense of opposing Wall Street. What this shows is not that the Republicans have converted themselves into the unlikely defenders of the common man, but how far to the right the US political establishment as a whole has moved. The Democratic Party, having long since repudiated any policy of social reform, has openly

identified itself with the financial aristocracy.

What would a socialist approach to the financial crisis look like? Emergency measures would be taken to transform the great banks, hedge funds, insurance companies and financial houses into public utilities. They would be placed under the democratic control of the working class, with safeguards for the savings of small depositors. Their resources would be used for productive and socially useful purposes and to alleviate the suffering of the population.

Trillions of dollars would be allocated to rebuild the infrastructure, provide new and high-quality housing, improve education, provide universal health care and access to higher education, and clean up the environment. Everyone would be guaranteed a job and a decent wage. The workweek would be reduced, with no loss in pay, and wages would be fully indexed to account for inflation.

The tax burden would be shifted from the working class to the richest 10 percent of the population.

There would be a full and public investigation into the activities of the banks and financial firms and the books of all major corporations would be opened to public inspection.

The wealth of financial industry executives and large stockholders would be appropriated, and they, along with their servants among the political elite, would face criminal investigation for the plundering of the economy that has led to the current crisis.

In order to fight for this socialist perspective, working people must break with the two parties of big business and build an independent political party that has, as its primary aim, the reorganization of the economy to meet social needs, rather than the profit interests of the financial elite. In the November election, only the Socialist Equality Party and its presidential and vice presidential candidates, Jerry White and Bill Van Auken, are advancing this socialist alternative. We urge readers of the *World Socialist Web Site* to support our campaign, vote for Jerry White and Bill Van Auken, and join the SEP.

*To find out more about how to join the SEP, contact us here.*

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