

Obama holds press conference, promises “whatever is required” for Wall Street

Tom Eley**25 November 2008**

On Monday, US President-elect Barack Obama held a press conference in Chicago to announce selections for his "economic team." After these introductions, Obama spoke briefly and in vague terms about a proposed economic stimulus package, and then took five questions from reporters.

The 26-minute press conference was intended primarily to reassure investors that his administration will defend the interests of Wall Street, and that it will shift the cost of the economic crisis onto the working class.

Obama repeated five times some version of the formulation that he would do "whatever is required to stabilize the financial system." On the other hand, Obama warned of cuts to social spending. "To make the investments we need," Obama said, "we'll have to scour our federal budget, line-by-line, and make meaningful cuts and sacrifices as well."

The class character of the Obama administration was further underscored by two key appointments. Timothy Geithner, the head of the Federal Reserve Bank of New York, will be his Treasury Secretary, and Lawrence Summers, the former Treasury Secretary under Bill Clinton, will head the National Economic Council. Both are Wall Street and Washington insiders whose careers have been spent defending the interests of the American financial elite. (See, "A look at Obama's economic team")

Obama offered no criticism of the financial industry, the Bush administration, or the Troubled Asset Relief Program (TARP), which has failed to stem the economic crisis. Instead, he promised "to put aside partisanship and politics" and to carry on the current administration's policies. "My commitment is to do what's required so that our financial system works and

credit flows," Obama said. "President Bush has indicated that he has the same approach, the same attitude...[W]e are united in making sure that the financial system works and operates the way it needs to."

Even when a reporter invited him to criticize the Bush administration, bringing up its "ad hoc" response to the economic crisis, and asking how the new administration might respond differently, Obama replied: "I don't want to look backwards." He added, "Perhaps some things didn't work the way Secretary Paulson intended--he'd be the first to admit that. But some things have obviously worked in terms of stabilizing the financial system." This is patently false, as last week's turbulence and the crisis at Citigroup have showed.

Obama brushed aside two questions on how large his proposed economic stimulus package will be. Democratic senator Charles Schumer, Chairman of the Congressional Joint Economic Committee, speaking on ABC's news program "This Week," said that the stimulus would be between \$500 and \$700 billion. But whatever the final figure will be, it will be dwarfed by the trillions of dollars that have already been handed out to Wall Street.

Obama's agenda for the "struggles that are taking place outside of Wall Street" has so far been modest. He reiterated several times that his economic stimulus plan will create 2.5 million jobs within two years.

Obama has given no specifics on how these jobs will be created. Even if taken at face value, this is a paltry goal. During the first ten months of 2008, the US economy has shed 1.2 million jobs. Nearly 250,000 jobs were lost in October alone, or about one tenth of Obama's two-year projection for job creation.

No reporter asked Obama to comment on the massive

bailout for Citigroup, the second in as many months. Nonetheless, his remarks sent a clear signal to Wall Street that he will continue, once in office, the same policy of buying up the biggest banks' bad debt and making massive cash infusions. Obama said that he had spoken that morning with President Bush and Fed chief Ben Bernanke, implicitly solidarizing himself with the decision to rescue Citigroup, which will potentially cost upwards of \$300 billion.

Separately, Bush indicated that he had discussed the Citigroup bailout with Obama, saying he "told the President-elect when I first met him, that any time we were to make a big decision during this transition, he will be informed, as will his team."

When asked about the proposal to bail out the auto industry, Obama took a very different position. In contrast to his promise to do "whatever is required" for the financial industry, he declared, "We can't just write a blank check to the auto industry. Taxpayers can't be expected to pony up more money for an auto industry that has been resistant to change."

Obama favors a bailout for the auto industry—but one that shifts the burden onto auto workers. "We should help the auto industry," Obama said, "but what we should expect is that any additional money that we put in... is designed to assure a long-term sustainable auto industry," that "is going to be competitive globally." Leading Democrats and Republicans, as well as the media elite, have made clear that the "plan" to which Obama referred is one that will feature drastic layoffs and cuts in the wages and benefits of workers.

The assembled media were predictably cowardly and complicit. Not a single reporter pointed to the obvious double standard in Obama's positions.



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