

In address to Congress

Obama pledges bigger Wall Street bailout

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In his first presidential address to a joint session of Congress, President Barack Obama defended the ongoing federal bailout of the banks and pledged that even greater sums would be funneled from the US Treasury to support Wall Street.

The nationally-televised speech Tuesday night had two main themes. Obama sought to defuse the enormous public hostility to the financial interests responsible for the deepening economic crisis, declaring that he could not “govern out of anger.”

And he advanced a reactionary nationalistic rationale for his major domestic policy initiatives on energy, health care and education, going so far as to suggest that young people who drop out of high school were committing a crime against the country.

The speech was suffused with patriotism and invocations of the supposed unique greatness of American society, a tone which contrasted sharply with the stark character of the economic crisis that he was compelled to acknowledge, and the failings in health care and education that he outlined.

It was an awkward straddle to shift from celebrating America as “the greatest force of progress and prosperity in human history” to declaring that under his administration the American government would no longer torture people—as though such a verbal rejection of barbarism were something to be proud of.

The first half of the speech was devoted to the economic crisis and the measures announced by the Obama administration over the past five weeks, including a second round of the bank bailout, the passage of the \$787 billion economic stimulus bill and bailout proposals for the auto and housing industries.

In response to criticism from Wall Street interests—echoed recently by former president Bill Clinton—that his characterization of the economic crisis

was too negative, Obama was at pains to espouse a rather forced optimism about the direction of the US economy.

“While our economy may be weakened and our confidence shaken,” he said, “though we are living through difficult and uncertain times, tonight I want every American to know this: We will rebuild, we will recover, and the United States of America will emerge stronger than before.”

There was no attempt to provide a rational basis for this supposed confidence in the future of the capitalist system, which faces the greatest crisis in a century. Instead, Obama attempted to blame the American people for the crisis, as he did in his inauguration speech, and thus shift the responsibility away from the American capitalist class.

“Now, if we’re honest with ourselves,” he said, “we’ll admit that for too long we have not always met these responsibilities—as a government or as a people... we still managed to spend more money and pile up more debt, both as individuals and through our government, than ever before.”

This invocation of dual authorship of the crisis, the government and the people, is deliberately crafted to exclude the most important social category: class. It was not the “people” who created the multi-trillion-dollar casino on Wall Street, who profited from hedge funds, CDOs, credit-default swaps and other speculative devices.

Working people had neither the resources nor the demented drive for personal wealth accumulation required to participate in the looting spree conducted by the American financial elite over the past three decades. Any account of the crisis that equates bankrupt billionaire financiers and foreclosed working class homeowners as equally “irresponsible” is a travesty.

Obama claimed that his number one priority was to create jobs, although the number of jobs purportedly created by the economic stimulus bill, 3.5 million over two years, would put less than one third of today's unemployed back to work, let alone the millions who are expected to lose their jobs in the coming months as the recession worsens.

He declared that his administration would "act with the full force of the federal government" to prop up the major banks—a far greater commitment than has been made to keep workers in their jobs or homes, let alone improve their conditions of life.

He then added, "this plan will require significant resources from the federal government—and yes, probably more than we've already set aside." That constituted a preliminary announcement that another Wall Street bailout is in the works, on top of the \$700 billion already approved for handover to the financial interests.

Obama acknowledged that the American people were "infuriated by the mismanagement" of Wall Street CEOs and speculators, and he admitted, "I know how unpopular it is to be seen as helping banks right now, especially when everyone is suffering in part from their bad decisions." But he argued, "in a time of crisis, we cannot afford to govern out of anger or yield to the politics of the moment."

It is worth pointing out the extraordinary class bias expressed here. The American capitalist class has triggered the greatest financial catastrophe in history, one which has plunged not only the United States but the entire world economy into a slump of enormous dimensions. Millions face the loss of their jobs, their pensions, their ability to send their children to college. But, says Obama, they must not hold a grudge against those responsible!

He closed the first half of his speech with a brazen lie. "I will do whatever it takes" to revive the financial system, he said, then added, "It's not about helping banks—it's about helping people."

The second half of Obama's speech—except for a final brief survey of foreign policy—was an elaboration of three major domestic policy initiatives—on energy, health care and education. These are issues of vital concern to the vast majority of working people, but Obama made the case for his policies on patriotic grounds, not those of social need.

He claimed that the federal government must not "supplant" private enterprise, but assist it by developing "clean, renewable energy," addressing "the crushing cost of health care," which is bankrupting both individuals and businesses, and expanding the education of the future American work force.

Whatever the illusions of Obama's liberal apologists, there is nothing remotely progressive about an argument for reorganizing health care or education based on improving the international competitiveness of American capitalism.

There is a logic to politics, and the American nationalism constantly invoked by Obama leads inexorably to imperialist war overseas and the repression of social discontent at home.

This was expressed in perhaps the most chilling passage of the speech, when he declared, "dropping out of high school is no longer an option. It's not just quitting on yourself, it's quitting on your country." This was followed by a call for "a renewed spirit of national service" and the passage of legislation to expand programs that pay for college education for youth who join the military or enroll in other government service programs.

The real meaning of this extraordinary statement can be summarized as follows: Young people who drop out of school are not victims of a social crisis produced by the failure of the profit system. On the contrary, they are criminals who are undermining the viability of American capitalism by their refusal to be educated to the level required to become productive (i.e., to generate profits for the capitalist class). And they will pay for their "crime" by being drafted into the military to serve as cannon fodder in the imperialist wars which Obama, like Bush, will continue and escalate.



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