

Two months on: The class agenda of the Obama administration

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Over the past two months, culminating in the events of the past week, the Obama administration has single-mindedly worked to win the confidence of Wall Street. It has sought to reassure the major banks and investment firms that it will not support any policies that threaten the wealth, prerogatives or power of the American financial aristocracy.

The administration, and Obama personally, view the economic crisis entirely through the eyes of the wealthiest 1 percent of the population. All of their actions have had as their central goal covering the losses—dollar for dollar and at the expense of the American people—of those who are responsible for the economic catastrophe.

For the vast majority of the population, the crisis means vanishing jobs, home foreclosures, the collapse of retirement savings. For Obama, its only significance is that it has shaken the confidence of US capitalism and threatened to undermine America's major banks and investment houses.

Hence the efforts of Obama and his top aides to defend AIG against public outrage over the bonuses awarded by the bailed-out insurance giant, and to derail congressional legislation to recoup them. This has coincided with the announcement of the latest scheme to funnel hundreds of billions of taxpayer money to the banks and hedge funds.

The so-called "Public-Private Investment Plan" unveiled by Treasury Secretary Timothy Geithner on Monday is so brazen a money-making racket for the banks—which get to offload their bad debts at vastly inflated prices—and the hedge funds and investment firms—which are virtually assured double-digit profits on money provided for the most part by the government—that even the *New York Times* acknowledged Wednesday, "In the end, it will be the taxpayer who will be largely footing the bill."

Joseph Stiglitz, the Nobel Award-winning economist, in an interview with Reuters, was more blunt. He said the program offered "perverse incentives" that amounted to "robbery of the American people."

On Wednesday the *Times* published a report noting that the top 25 hedge fund managers—the very people the administration is courting with virtually free cash and government guarantees to absorb the bulk of any losses—took in \$11.6 billion in 2008, even as the household wealth of the American people fell by trillions.

All of the various initiatives of the administration—its bank bailouts, its stimulus package, its housing and health care policies—have been worked out in the closest consultation with the denizens of Wall Street. The nature of the relationship between Obama and the most powerful bankers was indicated in a report published Tuesday by the *Wall Street Journal*. The article described the process by which Obama arrived at his housing proposals as follows:

"Treasury officials invited executives from Wells Fargo & Co., Bank of America Corp., and JPMorgan Chase & Co., among others. Around the Treasury's biggest conference table, they hashed out how the mortgage plan would work in practice for eight hours, ordering in pizza..."

The article continued: "On March 11, Mr. Dimon [JPMorgan Chase CEO Jamie Dimon] was ushered into the White House and Treasury Department, where advisers brain-stormed with him about how banks and markets would react to their emerging policies. The following day, at a White House meeting, business executives implored Mr. Obama to get credit flowing again. 'All right,' the president said, according to a transcript of the meeting. He'd have his people 'talk to Jamie.'"

Obama will seek to further curry favor with Wall Street by holding an extraordinary meeting Friday at the White House with the CEOs of some the nation's largest banks.

At his Tuesday night press conference, Obama again sought to demonstrate his obeisance to the financial elite and defend a policy of upholding its interests at all costs. He admonished the American people against demonizing "every investor or entrepreneur who seeks to make a profit." It is private profit, he declared, "that has always fueled our prosperity, and that is what will ultimately get these banks lending and our economy moving once more."

In other words, the success of the administration's "stabilization and recovery" program will be defined by its ability to secure the financial interests of the ruling elite.

With breathtaking cynicism, Obama declared, "Finally, the most critical part of our strategy is to ensure that we do not return to an economic cycle of bubble and bust in this country. We know that an economy built on reckless speculation, inflated home prices and maxed-out credit cards does not create lasting wealth. It creates the illusion of prosperity, and it's endangered us all."

This from a president whose policy is to underwrite the fictitious capital of the banks and finance houses and protect shareholder wealth derived precisely from an economic bubble based on inflated home prices.

Further on he said, "Bankers and executives on Wall Street need to realize that enriching themselves on the taxpayers' dime is inexcusable, that the days of outsized rewards and reckless speculation that puts us all at risk have to be over." But, of course, enriching bankers and Wall Street executives "on the taxpayers' dime" is precisely what the administration is doing, while it subsidizes hedge fund speculation and defends the "outsized rewards" of AIG millionaires and Wall Street executives in general.

Obama again sought to assure Wall Street that once its interests had been protected at the cost of trillions of dollars in public funds, his administration would turn its attention to ruthlessly cutting social spending in order to pare back the budget deficit.

Having the day before allocated another trillion or so to bailing out the banks, tripling the previous record for federal budget deficits, he made the astonishing assertion that health care costs were the "biggest driver of long-term deficits." That—not the plundering of the country by the banks—was what "we're going to have to tackle," he declared.

What Obama means by "tackling healthcare costs" is relieving corporations of their health care obligations and forcing workers to accept, at best, third-rate coverage with higher out-of-pocket costs.

Obama was determined to get the message out to Wall Street that his administration was committed to imposing a brutal policy of austerity on the working class. "We are cutting out wasteful spending in areas like Medicare," he said. "We're looking at social service programs and education programs that don't work and eliminate (sic) them. And we will continue to go line by line through this budget, and where we find programs that don't work, we will eliminate them. But it is going to be an impossible task for us to balance our budget if we're not taking on rising healthcare costs..."

In response to a reporter's comment that his budget would leave deficits rising again after the next four or five years, Obama explained that the attacks on Medicare and Medicaid being prepared by his administration were not reflected in his budget proposal. "The biggest problem we have long term is Medicare and Medicaid," he said. "But whatever reforms we initiate on that front—and we're very serious about working on a bipartisan basis to reduce those deficits or reduce those costs—you're not going to see those savings reflected until much later."

He then returned to the basic thrust of his press conference, declaring: "And once we get out of this current economic crisis, then it's going to be absolutely important for us to take another look and say... Are there further cuts that we need to make? What other adjustments are—is it going to take for us to have a sustainable budget level?"

A reporter for *Ebony* magazine asked the only question that touched on the unfolding social disaster in America. Noting that one in fifty

children are now homeless in the United States, he asked Obama "what would you say to these families, especially children, who are sleeping under bridges and in tents across the country?"

Obama had nothing to say, because none of his policies address the mounting social crisis or provide any real relief for the victims of job cuts, wage cuts, home foreclosures or collapsing retirement funds. All he could muster, beyond an utterly unconvincing profession of being "heartbroken" that children in America were homeless, was the claim that "we're going to be initiating a range of programs, as well, to deal with homelessness."

The class character of the Obama administration is emerging ever more openly. It is nothing but a front for the financial aristocracy. Its policies are not only inadequate, they are reactionary.

Despite the attempts of decrepit liberals from the *Nation* and other "left" publications to portray Obama, despite everything, as some kind of reluctant "progressive" who needs a shove from below to follow his true instincts, the policies of the new administration demonstrate the impossibility of effecting change through the ballot box within the framework of the existing political and economic system.

The stranglehold of the financial aristocracy must be broken and the productive resources of society harnessed to meet the needs of the people, rather than to protect and increase the personal fortunes of the wealthy few.

This requires a break with the Democratic Party and the development of an independent political movement of the working class fighting for a socialist program. Such a program includes the expropriation of the big banks and investment firms and their transformation into public utilities under the democratic control of the working class.

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