

After Massachusetts: Obama fakes anti-Wall Street stance

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In a public statement criticizing the major banks Thursday, followed by a speech on jobs in the industrial town of Elyria, Ohio, Friday, President Barack Obama has begun a transparent effort to posture as the defender of the people against corporate interests.

In what media pundits and White House insiders have described as a “pivot to populism,” Obama has responded to the shock defeat of the Democratic Party in the US Senate election in Massachusetts with a round of verbal bashing of Wall Street.

White House aides who appeared on the Sunday television interview programs indicated that Obama would incorporate populist themes into his first State of the Union address, to be delivered Wednesday evening to a joint session of Congress and a national television audience.

Top White House political aide David Axelrod claimed that the defeat of the Democrats in Massachusetts was not an anti-Obama vote. “The same forces that we saw at play in Massachusetts were the ones that propelled him to office,” he said.

“There’s no reinventing any message here. It’s a reaffirmation of a message. And that is our goal to advocate fiercely for the middle class and for people all across this country who’ve been struggling in this economy and long before the recession.”

This kind of language shows how the Democratic Party will seek to make a verbal appeal to working people leading up to the November congressional elections, after a year in which the Obama administration and the Democratic-controlled Congress have worked to boost corporate profits and prop up the US financial aristocracy.

In his statement Thursday, Obama scolded Wall Street for precipitating the crash of September 2008. “This economic crisis began as a financial crisis, when banks and financial institutions took huge, reckless risks in pursuit of quick profits and massive bonuses,” he said. “Markets plummeted, credit dried up, and jobs were vanishing by the hundreds of thousands each month. We were on the precipice of a second

Great Depression.”

He continued: “To avoid this calamity, the American people—who were already struggling in their own right—were forced to rescue financial firms facing crises largely of their own creation. And that rescue, undertaken by the previous administration, was deeply offensive but it was a necessary thing to do, and it succeeded in stabilizing the financial system and helping to avert that depression.”

This is a potted history that downplays the central role that Obama himself and his top economic policy advisers played. Obama supported the bailout begun under the Bush administration and voted for it in the Senate. As the Democratic presidential nominee and heavy favorite to win the November election, his support was necessary for passage, and he pledged that if elected his administration would continue the program.

Half the initial \$700 billion in bailout funds, and the vast majority of the loan guarantees and other subsidies to Wall Street, were doled out by the Obama administration, with Treasury Secretary Timothy Geithner playing the major role. The total financial resources dwarfed, by more than 30 to 1, the amount provided for the rest of America in the so-called economic stimulus package—a clear indication that for Obama, as for Bush and every other Democratic and Republican politician, defending the financial aristocracy is the number-one priority.

As for Obama’s cynical reference to “the American people,” they had no say whatsoever in the bank bailout, which was deeply unpopular at the time and has only become more hated as the banks saw their profits and stock prices soar and resumed their speculative binge and self-rewarding bonus pools of previous years.

Obama combined this grotesque distortion of the bailout’s history with claims that his administration would now carry out far-reaching measures to prevent any recurrence of the financial crash. He did not explain the delay of an entire year since the biggest financial crash since the Great Depression, and gave few details, instead pledging, “Never again will the American taxpayer be held hostage by a bank that is ‘too big

to fail.””

Obama said he would propose a ban on proprietary trading by deposit-taking commercial banks as well as a ban on these banks investing in or owning hedge funds and private equity funds. This announcement, made without providing any details, came as a surprise to European and Asian governments and markets, sparking uncertainty and near-panic and contributing to sharp declines Thursday and Friday on stock markets in the US and internationally.

Obama concluded by criticizing “an army of industry lobbyists from Wall Street descending on Capitol Hill,” and declared, “if these folks want a fight, it’s a fight I’m ready to have.” Given that the Obama administration is largely staffed by financial industry figures—including Geithner, chief economic adviser Lawrence Summers, and chief of staff Rahm Emanuel—this is the crassest kind of false pretense.

The real class allegiance of the Obama administration is demonstrated by the individual Obama brought forward as the point man in his “attack” on the banks—Paul Volcker, the former Federal Reserve Board chairman in the administrations of Jimmy Carter and Ronald Reagan. Volcker was widely hated by American workers in 1980s for his policy of sky-high interest rates, which devastated manufacturing and caused the highest unemployment since the Great Depression, until exceeded in the current slump.

Obama intensified the populist rhetoric in his speech Friday before a largely working class audience in Elyria, Ohio. He reiterated the word “fight” as many as 20 times, and sought to present his reactionary health care program, based on slashing spending for Medicare and taxing the health benefits of higher-paid workers, as though it was an economic boon to working people rather than to corporate America.

While this speech was televised live by the cable networks and given considerable publicity in the media as a whole, there was less notice taken of Obama’s remark that banks might be subject to too much rather than too little regulation. “The banks feel as if regulators are looking over their shoulder, discouraging them from lending,” he told the town hall-style meeting. He said he had told Treasury Secretary Geithner not to let “the pendulum swing too far.”

In the midst of his bank-bashing, Obama took time off to reassert his confidence in Federal Reserve Chairman Ben Bernanke and urge wavering Democrats to vote this week to confirm Bernanke’s reappointment to a second term. Administration lobbyists were aggressively working on Capitol Hill after several Democratic senators announced their opposition to the nomination in an effort to strike a populist pose after the Massachusetts vote. White House vote counters claimed Saturday they had secured the 60

votes to break any filibuster against the Bernanke nomination.

Obama’s support for the chief architect of the bank bailout underscores the insincere and politically driven character of his populist rhetoric. The establishment press openly speaks of the political expediency underlying Obama’s show of anger toward the banks.

The *Washington Post*, in a front-page analysis Sunday, commented that in the wake of the Massachusetts debacle, “The president’s rhetoric over the past week suggests he has decided to try to fight anger with anger. If Americans are fed up with bank bailouts and bonuses going to their top executives, Obama wants people to believe that he resents them just as much.”

With considerable understatement, the *Post* commented: “His fight, fight, fight rhetoric marks a big change in his demeanor,” adding, “there is little question that a dose of populist rhetoric holds the promise of some political benefit for Obama. When voters think the administration has done more for bankers and auto companies and big corporations than for them, the president has to show otherwise.”

The White House also disclosed that it was bringing in campaign manager David Plouffe and other operatives from the 2008 campaign to hone its political messaging. This underscores that the populist rhetoric is all show and no substance. Obama and his top advisers want to posture as opponents of Wall Street, while privately reassuring the financial interests that little or nothing will actually be done to curb their speculative practices and massive bonuses.

They calculate that with the congressional Republicans committed to vote on principle against any policies proposed by the White House, they can gain political advantage by presenting supposedly punitive measures against Wall Street and allowing the Republicans to defeat them through a Senate filibuster or an alliance with conservative Democrats in either house of Congress.



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