

# The banks and socialism

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In the midst of the greatest economic and social crisis since the Great Depression, the major US banks are about to announce multi-million dollar year-end bonuses for their top executives and traders. Bankers are able to resume full tilt their mad pursuit of personal enrichment due to the plundering of the treasury carried out for the sole purpose of bailing out the “financial wizards” whose speculative practices precipitated the crisis.

This is a global phenomenon. In all the major centers of world capitalism, the financial elites are emerging from the economic wreckage stronger and more powerful than ever, and are dictating the terms of their own enrichment to servile governments.

In the US, Goldman Sachs is expected to announce bonuses totaling more than \$20 billion, about the same amount as California’s state budget deficit. One analyst estimates that the average Goldman bonus will approach \$600,000, and that some executives may take home more than \$10 million. It is anticipated that Goldman Sachs, Bank of America, Citibank, JPMorgan Chase and Morgan Stanley will together pay out \$90 billion in 2009 executive compensation, with more than half in the form of bonuses.

In a transparent attempt to preemptively divert and contain public outrage, President Obama will announce on Thursday a proposal to put in place a surtax on 20 banks that received funds through the Troubled Asset Relief Program (TARP). According to the administration, this would raise \$120 billion over ten years—not much more than the five biggest banks will pay their executives for 2009 alone.

The surtax proposal comes together with another public relations stunt—the hearings held this week by the Financial Crisis Inquiry Commission, the toothless body set up for the purpose of whitewashing the criminal activities of the bankers.

Whatever the precise details of “Obama’s gentle bank tax,” as the *Wall Street Journal* calls the measure, it can be said with certainty that it will result in no significant penalty for Wall Street. The proposal will be blocked or watered down to the point of irrelevance by a Congress comprised of politicians who depend on campaign contributions and other bribes from the very banks they purport to regulate. Such has been the fate of the much-vaunted proposals for pay restrictions, the bank regulatory overhaul, credit card “reform,” and Obama’s so-called housing rescue.

The response of the princes of Wall Street to even the slightest encroachment on their right to salaries hundreds of times greater than those of mere mortals is to bristle with indignation.

Much like the powdered wig-bedecked aristocrats of the French *Ancien Regime*, these modern-day lords and ladies insist on their unchallengeable right to unlimited personal enrichment. “I am a little tired of the constant vilification of these people,” an indignant JPMorgan CEO Jamie Dimon said this week of the furor over bonuses. “I don’t think it’s just whining,” another unnamed executive said of the bankers’ protestations. “There are legitimate liquidity issues that people have.”

These are people who produce nothing of value. Unlike the captains of industry of an earlier

period—associated with names such as Carnegie, Rockefeller, Edison and Ford—whose enormous personal wealth was bound up with the creation of vast industrial empires, today’s robber barons have made their fortunes through parasitic financial operations bound up with the destruction of industry and a relentless attack on the living standards of the working class.

In the midst of soaring foreclosures and growing hunger and poverty, the financial elite flaunts its wealth. “As traders and investment bankers near the finish line of what looks like a boom year for pay, some are spending money like the financial crisis never happened,” the *Wall Street Journal* recently reported. “From \$15,000-a-week Caribbean getaways to art auctions to \$200,000 platinum wrist watches...signs of the good life are returning.” New York’s elite real estate brokers are “outright giddy” over the bonuses, which will “boost sales, particularly in the \$2 million to \$5 million range.”

More than a year after the near-collapse of the US and world economy at the hands of the bankers, nothing has been done to reform the financial system. Nobody has been held accountable. On the contrary, the banks have exploited the crisis of their own making to make more money than ever, and the government, the courts and the media have revealed themselves as mere handmaidens of what can rightly be called a financial aristocracy.

This demonstrates that the concentration of wealth in the hands of a tiny elite and its unbounded pursuit of personal enrichment are not mere excesses or aberrations of an otherwise rational and healthy system. These characteristics are rooted in the very nature of capitalism as it limps into the 21<sup>st</sup> century.

It is not a question of “reforming” the US and global banking system. The death grip of the banking elite over the wealth of society must be smashed. The answer to the plundering of society by the financial aristocracy is the expropriation of the bankers, the

nationalization of the banks and finance houses, and their transformation into public trusts under the democratic control of the working population.

The alternative to the tyranny of the bankers is socialism, i.e., the abolition of private ownership of the banks and the major industries and the replacement of the capitalist market with rational planning and democratic control, geared to social need, not private profit.

The books of the banks must be opened to public inspection, and all predatory and illegal activities prosecuted. The ill-gotten wealth of the financial elite should be seized and used to meet pressing social needs—health care, education, housing, jobs.

This requires the independent political mobilization of the working class in the US and internationally, a struggle against the Obama administration and the two parties of US big business, and the formation of a workers’ government.

This is the program of the *World Socialist Web Site* and the Socialist Equality Party.

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