

Once again on Obama and Wall Street

Barry Grey
11 November 2011

Even by the debased standards of American politics, the attempt of President Barack Obama to pass himself off as a populist tribune of the people and channel the anti-Wall Street protests behind his reelection campaign has reached new heights of cynicism and dishonesty.

It is yet another demonstration that the American ruling class operates on the assumption that the American people are hopelessly gullible and suffer from collective amnesia.

Nearly three years into an administration that has overseen the biggest transfer of wealth from the public treasury to the financial elite in history—with no strings attached—and refused to take any serious measures to address the worst jobs crisis since the Great Depression, a period in which poverty and social deprivation have soared alongside record corporate profits and CEO pay, Obama and the Democrats now present themselves as the party of jobs and social justice.

This preposterous pose has been compromised by the politically inconvenient collapse of MF Global, the Wall Street speculator in European debt headed by former Goldman Sachs CEO and Democratic senator and governor from New Jersey Jon Corzine. Some \$633 million of clients' funds are still unaccounted for.

Corzine's career personifies the revolving door between the boardroom and government office and the intimate ties that bind the Democratic Party to Wall Street. The multi-millionaire banker/politician, now under criminal investigation for stealing clients' funds, is a major fundraiser for the Obama reelection campaign. He hosted Obama's first fundraiser this year at his posh Manhattan apartment.

Corzine embodies the financial parasites at the top 0.1 percent of the income ladder whose swindling precipitated the global economic crisis and who have, with the assistance of Obama and his counterparts

around the world, further enriched themselves from the social catastrophe they created.

The Corzine scandal has not prevented Obama from continuing the pseudo-populist gambit he launched in September with the announcement of his American Jobs Act. Like every other measure proposed by his administration to "create jobs," this is a pro-corporate package of business tax cuts and other regressive measures, including cuts in payroll taxes for employers as well as employees that will drain the Social Security trust fund. It is predicated on the passage of \$4 trillion in deficit-reduction measures proposed by Obama that include hundreds of billions of dollars in cuts to basic social programs, as well as a tax "reform" that will slash taxes for corporations and the wealthy.

Counting on the Republicans to block the bill, Obama readied his "We Can't Wait" road show, in which he stages announcements in various cities of token executive actions supposedly addressing urgent social issues such as home foreclosures and student debt. In fact, all of the measures Obama has announced have been thoroughly vetted by the banks to insure that they do not in any way encroach on their profits.

The latest such performance occurred on Tuesday, when Obama spoke at a Head Start center in the Philadelphia suburb of Yeadon, Pennsylvania. In the name of "reform" and "accountability," Obama announced a new rule that will defund Head Start programs across the country on the pretext that they have failed to meet government standards. This represents an extension of the so-called "reform" agenda that has shut hundreds of schools and laid off hundreds of thousands of teachers.

The *Washington Post* published an article on Monday ("In Obama's Tenure, a Resurgent Wall Street") that highlights certain facts illustrating the unwavering focus of the Obama White House on enabling the financial aristocracy to further enrich itself. The article

notes:

* Under Obama, the largest banks—those with more than \$100 billion in assets—have increased their total combined assets by some 10 percent, while their profits have rebounded to pre-crisis levels.

* Wall Street investment firms—independent companies and the securities trading arms of banks—have generated at least \$83 billion in profits over the past two-and-half years, surpassing the \$77 billion they took in during the entire eight years of the Bush administration.

* The largest banks, including Bank of America, Citigroup and Wells Fargo, recorded \$34 billion in profits in the first half of this year, nearly matching what they took in during the same period in 2007, and more than in the same period of any other year.

* In New York City, the average Wall Street pay last year rose by 16.1 percent to \$361,330, which is more than five times the average salary of a private sector worker in the city.

The article cites studies showing that the bailed out banks used the government handouts to increase their investment returns by nearly 10 percent by refusing to lend the money to consumers and instead using it to make risky but highly profitable speculative bets.

These facts help explain why Obama to this point has taken in more money for his campaign and for the Democratic National Committee from financial company employees than all of the Republican presidential candidates combined—a total of \$15.6 million.

Even as he professes sympathy for the anti-Wall Street protesters, Obama continues to aggressively front for the financial mafia. The *New York Times*, an avid backer of Obama, nevertheless felt obliged to publish an editorial Wednesday (“Letting the Banks Off Easy”) criticizing the administration for seeking to ram through a deal that would immunize the banks from legal challenges by state governments for their wholesale violations of the law in the processing of home foreclosures. In return, the banks would be required to make a token collective payment of some \$25 billion.

The settlement would effectively block suits over other criminal activities by the banks, including mortgage fraud and deceptive marketing of mortgage-backed securities—practices that were at the heart of the

sub-prime mortgage Ponzi scheme whose collapse precipitated the current global crisis.

The White House is denouncing state administrations—including New York, California and Delaware—that have refused to sign on to the agreement worked out between Wall Street and the Obama administration.

In the Obama administration and the Democrats, no less than the Republicans, the working class and all those who support the fight against corporate domination and social inequality confront a remorseless enemy and pliant tool of the financial oligarchy. This political system cannot be pressured to rein in the financial elite, because it is the creature and servant of that elite. The task is the independent mobilization of the working class to put an end to capitalism and establish the only basis for equality and the satisfaction of social needs—socialism.

Barry Grey



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact