

The Obama campaign and “vampire” capitalists

Patrick Martin
16 May 2012

With a display of cynicism that is hard to top, the Obama reelection campaign on Monday launched a public attack on Republican Mitt Romney’s role as a job-destroying asset stripper at Bain Capital, the same day that Obama raised more than \$2 million from equally rapacious private equity sharks at a reception in New York City.

The Obama campaign released a two-minute advertisement that will run in five closely contested states—Colorado, Iowa, Ohio, Pennsylvania and Virginia—beginning Wednesday. It focuses on Bain Capital’s 1993 purchase and eventual closure of a steel mill in Kansas City, Missouri.

The company, GST Steel, went bankrupt in 2001 and was closed down, with all 750 workers losing their jobs, while Bain walked away with a \$12 million profit. One of the fired steelworkers interviewed for the Obama commercial calls Bain a “vampire” that “came in and sucked the life out of us.”

This description of Romney—CEO of Bain Capital at the time of the takeover—is certainly appropriate. But the term “vampire” could be applied with equal justice to most of those who gathered at the Manhattan home of Hamilton “Tony” James, president of Blackstone Group, a private equity firm that dwarfs Bain Capital in size and destructiveness.

Sixty people from Wall Street attended and donated \$35,800 each to the Obama reelection campaign and the Democratic National Committee, for a total of more than \$2 million.

Romney’s record at Bain Capital is a demonstration of the parasitic role of finance capital, which mobilizes vast resources to take over, reorganize and downsize companies. It is part of a process, extending over more than three decades, in which Wall Street has garnered an ever-larger share of corporate profits through

financial manipulations unrelated and inimical to the development of the productive forces.

The Obama campaign’s critique of Romney is completely hypocritical, however, since the Democratic Party is just as beholden to the financial aristocracy as the Republicans. As deputy campaign manager Stephanie Cutter told the *Wall Street Journal*, in attacking Romney, Obama was not “questioning private equity as a whole.”

Blackstone Group is a good example. Its co-founders, Steven Schwartzman and Peter Peterson, amassed personal fortunes far in excess of Romney’s. They garnered \$3 billion to \$4 billion each, compared to \$250 million for the former Massachusetts governor. Not only is Blackstone a far more influential player on Wall Street, its top executives wield a vast, and reactionary, influence in Washington.

Peterson in particular has long been identified with the program of budgetary austerity, focused on massive cuts in social spending, including entitlement programs like Social Security, Medicare and Medicaid. He has personally funded Washington think tanks to develop policy recommendations along these lines and lobby for them among Democratic and Republican politicians.

The Wall Street fundraiser Monday night came only hours after Obama offered his personal endorsement of the performance of JPMorgan Chase CEO Jamie Dimon, after the Wall Street bank acknowledged a \$2 billion loss from speculative trades in derivatives by its London office. “JPMorgan is one of the best managed banks there is,” Obama gushed. “Jamie Dimon, the head of it, is one of the smartest bankers we’ve got.”

Obama tapped another key figure in private equity, Steven Rattner, to serve as his auto industry czar, overseeing the bankruptcy reorganization of General Motors and Chrysler that restored the two companies to

profitability at the expense of the jobs, living standards, health benefits and pensions of auto workers and retirees. The auto bailout centered on an across-the-board 50 percent cut in starting pay for new-hires that set the pace for wage-cutting throughout American industry.

Rattner publicly criticized as “unfair” the Obama campaign ad attacking Romney and Bain Capital. “Bain Capital’s responsibility was not to create 100,000 jobs or some other number. It was to create profits for its investors,” Rattner said. “I don’t think there’s anything Bain Capital did that they need to be embarrassed about.”

The demagogic claims of Obama and the Democrats to defend the interests of “working families” and “Main Street” against Wall Street are absurd on their face. As they collect cash from the likes of Blackstone and issue fawning tributes to social criminals like Jamie Dimon, one can only say: by their friends ye shall know them.

Patrick Martin



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact