

The Democrats and the Bain Capital affair

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The Obama campaign's criticism of Mitt Romney's role as CEO of the private equity firm Bain Capital set off a brief political flap in Washington that provides an object lesson in the hypocrisy and cynicism of big business politics in America. Both parties, the Democrats as much as the Republicans, are direct instruments of the rule of the financial elite. But for the purposes of deceiving working people, the Democrats occasionally posture as critics of Wall Street. Rarely has this pretense been exploded so quickly and thoroughly as in the Bain Capital affair.

The Obama campaign raised the issue of Bain Capital in television ads citing Romney's role in the destruction of two companies that were taken over by the private equity firm and eventually closed: GS Steel in Kansas City, where pensions were slashed and the jobs of 750 workers eliminated; and Ampad in Indiana, a maker of paper products, where demands for wage-cutting provoked a strike that ended with the workers jobless and the factory closed.

In both cases, workers interviewed for the ads denounced Romney in terms far more pointed than Obama himself would ever use, calling the private equity boss a "vampire" who "sucked our blood" to make super-profits for his wealthy investors. The facts bear out the workers' claims: at Ampad, for instance, Bain invested only \$5 million, then compelled the company to borrow money from which Bain eventually extracted a staggering \$107 million in profits before the huge debts forced Ampad into bankruptcy and put the workers on the unemployment lines.

Bain's overall record, generating \$2.5 billion in profits from the deployment of \$1.1 billion in investor capital, is a demonstration of the parasitic and destructive role of finance capital.

Precisely because Bain's activities were *not* exceptional, but rather characteristic of Wall Street's everyday plundering of the American economy, the

reaction within top circles of the Democratic Party was to warn the Obama campaign that criticism of Romney's role as CEO of the private equity firm was politically out of bounds.

The push back was led by a key Obama political ally, Cory Booker, the African-American mayor of Newark, New Jersey, who appeared on Sunday's "Meet the Press" program on NBC to declare that he found the Bain Capital ad against Romney "nauseating." Booker's queasiness is more than understandable. Wall Street has heavily backed his campaigns for mayor of Newark—one of America's most impoverished cities—and provided him with more than a third of the fundraising—close to half a million dollars—for his likely next step up, a statewide race in New Jersey for senator or governor. The prospect of turning off that spigot is enough to make any Democratic politician sick to his stomach.

There is little to distinguish Obama from Booker. Indeed, Bain executives actually donated more money to Obama in 2008 than to his Republican opponent John McCain, in keeping with Wall Street's tilt to the Democrats that year. Even in 2012, when Wall Street money somewhat favors the Republicans, one leading Democratic donor is Bain executive Jonathan Lavine, who has already raised more than \$200,000 for the Obama campaign. Lavine was actually on the board of Ampad in the 1990s, giving him an even more direct role in the attacks on the paper workers than Romney.

Obama quickly saw the sense in Booker's objections, which were seconded by multi-millionaire Democratic senators and other politicians dependent on Wall Street's largesse. At a Monday press conference, barely 24 hours after Booker's remarks, he declared that private equity investors "do good work". He described their maniacal focus on profit maximization as "a healthy part of the free market." By Wednesday, press reports indicated that the anti-Bain ads had been

scrapped.

This episode is quite revealing. There is, of course, the obvious double-dealing of the Obama White House, which has raked in money hand over fist from private equity and other sectors of Wall Street, while occasionally making demagogic criticisms of “fat cat” bankers.

There is hypocrisy in another sense. Obama criticizes Romney’s attacks on workers at Ampad and GS Steel when he has done exactly the same, and even more ferociously, in the forced restructuring of the US auto industry. As one pro-Democratic Party commentator, Matt Miller, pointed out in the *Washington Post* yesterday, “Barack Obama is the real private equity king in this race, not Mitt Romney... Obama fired management, shed workers, slashed costs, revamped operations, restructured the balance sheet and fashioned new strategies.”

More fundamentally, Obama has spent his entire presidency defending the interests of the corporate financial oligarchy. From its inception, his administration has focused on how to save the banks and hedge fund bosses from financial collapse and restore them to profitability, at the expense of working people.

The adds pillorying Romney for his exploits at Bain Capital would suggest that Obama and company were shocked, really shocked, to find out that such things were going on in America. The reality is that the administration’s top personnel is largely drawn from the major banks, including all three White House chiefs of staff, all of whom were experts in the kind of financial looting exhibited at Bain.

When a new crisis hit Wall Street last week, with the sudden loss of \$2 billion at JPMorgan Chase, Obama rushed to the defense of bank CEO Jamie Dimon. Romney could, with some justice, complain that Obama has criticized him for anti-social financial operations that are small potatoes compared to what JPMorgan Chase and Goldman Sachs do every day.

What this episode reveals above all is the complete subordination of the American political system and both its political parties, the Democrats no less than the Republicans, to the interests of finance capital. Neither party takes a single step without the permission of its masters in the boardrooms of the major banks and corporations.

Under conditions where the US economy is now in the fifth year of economic slump brought on by the financial manipulations of a relative handful of billionaire and multimillionaire speculators, where new scandals are erupting—JP Morgan Chase, the Facebook IPO—even the most tepid criticism of the role of finance capital in destroying the jobs and living standards of working people is ruled out.

The struggle against the profit system can be carried out only by the working class, through the building of an independent mass political movement based on a socialist program. This is the perspective fought for in the 2012 elections by the Socialist Equality Party and our candidates, Jerry White for president and Phyllis Scherrer for vice president. For more information on this campaign, visit www.socialequality.com

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