

US presidential campaign: Cynical and reactionary “debate” over Bain Capital

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The US presidential election campaign entered a new and even more reactionary phase last week, with Obama and the Democrats stepping up their attacks on Republican Mitt Romney’s role as CEO of the private equity firm Bain Capital.

The Obama campaign has shied away from any wholesale indictment of the destructive role of asset strippers, corporate raiders and other financial parasites, since such figures are nearly as numerous among the backers of the Democratic Party as among the Republicans. Instead, the Democrats have sought to whip up national chauvinism, with claims that at Bain Capital Romney helped “export American jobs” to China, India and Mexico.

There is cynicism and hypocrisy aplenty on both sides in this phony debate. Both Obama and Romney are raking in money hand over fist from the financial elite, and both have proven records of defending the interests of banks and hedge funds—Romney through his two decades in private equity, enriching himself and his wealthy clients, Obama as the president who handed over trillions of dollars in the Wall Street bailout.

As part of his reelection campaign, Obama has begun a completely insincere effort to demonize Romney as a corporate job destroyer, focusing on the record of Bain Capital, the private equity firm he founded and ran for a dozen years. Romney has been particularly targeted over a series of deals in which companies taken over by Bain closed US plants and expanded production in low-wage countries like China and Mexico.

The Romney campaign responded defensively, claiming that many of the outsourcing decisions at Bain-controlled firms were made after 1999, when Romney left the company to take over management of preparations for the 2002 Winter Olympic Games in Salt Lake City, Utah.

The conflict escalated Thursday, July 12, when the *Boston Globe* published documents filed with the Securities and Exchange Commission, in which Romney is identified as the chairman, CEO, sole proprietor and managing partner of Bain Capital in 2000 and 2001.

Obama aides noted the contradiction between these documents and Romney’s financial disclosure form, filed with the Federal Election Commission in 2011 after he became a presidential candidate, which disavowed any significant role at Bain after 1999.

Deputy campaign manager Stephanie Cutter declared, “Either Mitt Romney, through his own words and his own signature, was misrepresenting his position at Bain to the SEC, which is a felony. Or he was misrepresenting his position at Bain to the American people to avoid responsibility for some of the consequences of his investments.”

Effectively acknowledging that these attacks were having an impact, the Romney campaign arranged for the candidate to sit down Friday for interviews on the Bain charges with all five television networks—ABC, NBC, CBS, Fox and CNN. This was a notable shift from Romney’s posture during the Republican presidential primary campaign, when he refused to be interviewed by any network but Fox for more than six months.

The Republican candidate struggled, however, to explain why he was listed as the CEO of Bain for several years during which he avowedly played no role at the company—and why he collected hundreds of thousands of dollars in compensation for that inactivity. This type of cozy relationship, including six, seven, and eight-figure payouts for favored executives, is hardly exceptional in American capitalism, but deeply unpopular with the American people.

Whether Romney was or was not an active CEO at Bain some 13 years ago is a complete diversion, however, from any discussion of the right-wing policies to which both candidates are committed. It allows Obama to posture as the defender of working people against a corporate raider, while he remains committed to the same big business agenda as his Republican opponent.

The second issue raised by the Obama campaign and taken up avidly by media supporters like the *New York Times* is Romney's unwillingness to release his tax returns. He has so far released a complete return only for 2010, as well as an estimate for 2011, while his accountants prepare a full return that will be released shortly before the election.

Romney has adamantly refused to release tax returns for any years before 2010, including the entire period of his accumulation of a vast fortune—estimated at well over \$250 million—during his years at Bain Capital. This refusal suggests that the methods used to build his wealth, while perhaps legal under the permissive US tax and regulatory regime, are none too attractive.

One Republican governor, Robert Bentley of Alabama, and several prominent Republican pundits, including George Will and William Kristol, have called on Romney to make a fuller disclosure of his tax returns. Romney has come under heavy media attack since he handed over 23 years of tax returns to the McCain campaign in 2008, when McCain was considering him as a possible vice-presidential choice, but now, in a presidential bid, is offering far more limited information.

There have also been suggestions that Romney may be “guilty” of insufficient loyalty to the ultra-right policy agenda of the Republican Party, as, for instance, when his wife Ann made tax-deductible contributions to Planned Parenthood in the 1990s.

In this sphere as well, however, the Obama campaign has avoided any direct attack on the Romneys' wealth accumulation—which mirrors that of many top Obama contributors—in favor of once again beating the drums for chauvinism. New commercials released on the weekend feature Romney singing “America the Beautiful” while captions describe Romney's offshore bank accounts in Switzerland and the Cayman Islands and claim that his company “shipped jobs to Mexico and China.”

The Obama campaign has been careful to stop well short of any criticism of predatory capitalism, repeatedly signaling to its own supporters in the world of hedge funds and private equity that there is will be no shift in regulatory policy, despite the demagoguery against Romney and Bain. One such signal was the decision to appoint Newark Mayor Cory Booker—who denounced the criticism of Bain Capital as “nauseating”—to the prestigious position of chairman of the platform committee at the Democratic National Convention.

To complete the unedifying spectacle, the Obama administration now relies for its financial management on a former Bain executive, Jeffrey Zients, the acting head of the Office of Management and Budget (who replaced OMB director Jacob Lew, the former Citigroup banker who is now White House chief of staff). Zients began his financial career at Bain & Co., the company that spun off Bain Capital, and is believed to be the wealthiest individual in the Obama administration, with a personal fortune of \$200 million, rivaling Romney's.



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