

Wall Street issues its orders to Obama, Romney

Patrick Martin
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The top bosses on Wall Street have issued their demands for action from the Obama administration and Congress to slash the federal deficit, in a letter warning that failure to take action by January 1 could produce renewed financial crisis and economic slump.

While not spelling out any particular measures to be adopted, the letter calls for “concrete steps to restore the United States’ long-term fiscal footing” and “legislation that truly restores the nation’s long-term fiscal soundness.” These are political code words for the gutting of Social Security, Medicare, Medicaid and other social programs.

The bankers echoed the threats by bond-rating agencies S&P and Moody’s, which have said they would downgrade US debt even further if there is not a bipartisan agreement to avert the so-called “fiscal cliff” on January 1. S&P first downgraded US debt in August 2011, and Moody’s has issued a warning of similar action.

The letter was signed by 15 CEOs of banks, brokerages and insurance companies and by the head of the Financial Services Forum, the industry lobby. Among the signatories are Jamie Dimon, CEO of JP Morgan Chase; Lloyd Blankfein, CEO of Goldman Sachs; Michael Corbat, the newly installed CEO of Citibank; John Stumpf, CEO of Wells Fargo; and Brian Moynihan, CEO of Bank of America.

In other words, it was a manifesto by the financial criminals who caused the 2008 crash and the four years of mass unemployment and social misery that have followed, the heads of institutions that received trillions of dollars in federal support during the bank bailout, pressing their demand that no such support should be available to tens of millions of working people and retirees.

The “fiscal cliff” is media jargon for a series of tax

and fiscal measures now scheduled to take place automatically on or just after January 1. These include:

- The expiration of the Bush tax cuts, first enacted in 2001 and extended in 2010 for two years. Taxes would rise across-the-board, both for low- and middle-income families and the wealthy.
- An across-the-board spending cut, imposed by the debt-ceiling bill passed by Congress and signed by Obama in August 2011, which begins to hit in January 2013, totaling \$1 trillion over ten years.
- The expiration of the payroll tax cut, enacted in December 2010 and extended through 2012, which would amount to a 3.1 percent increase in taxes on every American worker.
- The expiration of extended unemployment benefits, adopted during the economic slump that followed the 2008 crash.

Both the Obama administration and congressional leaders of both parties have indicated they will seek no further extension of extended unemployment benefits, despite the continued record levels of long-term unemployment.

Instead of seeking to avert the mass suffering that such a cutoff will produce, both parties seek to use the supposed fiscal emergency as a battering ram against popular opposition to cuts in Social Security and Medicare—a position that is completely in line with the demands of Wall Street.

In that sense, the bankers are not calling the Democrats and Republicans to order; they are merely reminding them that time is short, and that the next administration, whether headed by Obama or Romney, and the next Congress, whichever party is in control, must get on with the job of attacking the working class.

Both parties are responding as obedient servants of

the financial aristocracy, albeit observing the established division of labor: a fig leaf of populist demagoguery from the Democrats, adamant defense of wealth and privilege from the Republicans.

Thus the *Washington Post* Thursday carried an article claiming that President Obama “is prepared to veto legislation to block year-end tax hikes and spending cuts...unless Republicans bow to his demand to raise tax rates for the wealthy, administration officials said.”

The newspaper claimed that “Obama is ready to play hardball with Republicans,” and that if reelected, “may finally be able to dictate the terms of a bipartisan debt-reduction deal.”

This is empty posturing, timed for the run-up to Election Day, to give Obama’s allies in the trade union bureaucracy and the middle-class pseudo-left some political cover as they seek to drag working people to the polls on behalf of the Democratic Party.

House Speaker John Boehner voiced the Republican response, ruling out any increase in the income tax rates for the top bracket above the present 35 percent mark. Congressional leaders of both parties are engaged in backroom talks on a plan that would actually lower the tax rate for the super-rich while cutting tax loopholes for middle-income families, such as the deduction for home mortgage interest, to make up the difference.

Tacitly admitting the sham character of the election debate, the *New York Times* published a news analysis Thursday that conceded that neither Obama nor Romney was telling the American people what they intended to do during the next four years.

The newspaper wrote, “Voters are left to extrapolate from the signals sent during the debates what the future would hold under an Obama second term or a first term of a President Romney. Americans can make interpretations from the values and concepts expressed, even if there are few tangible plans to consider.”

The *Washington Post* published an editorial chiding both candidates for not preparing public opinion for the shock effect of the measures that will be adopted in rapid order after the elections. In language virtually identical to the bankers’ letter, the editorial pointed to the January 1 deadline and warned, “This so-called fiscal cliff is only the most immediate test in the longer-term challenge that will surely consume much of the president’s term: how to get the nation’s fiscal house in order.”

Post spelled out the consequences. The bluntly “Americans will have to make some sacrifices. Taxes are going to go up, and not just on the rich. The retirement age will have to be pushed back. Yet regarding the fiscal cliff, neither candidate had one word to offer.”



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