

# The stock market bonanza

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Tuesday, four days after President Barack Obama signed the budget sequestration order unleashing brutal cuts in social programs, there was general jubilation in the media as the Dow Jones Industrial Average crashed through its previous high, dating from 2007.

The intervening period has been an unmitigated disaster for the vast bulk of humanity, including the broad mass of working people in the United States. The signs of social decay and suffering are everywhere. Unemployment remains at near-Depression levels. Poverty, hunger and homelessness continue to rise. Those workers with a job are working harder and longer than ever for lower wages and fewer benefits. The buying power of the wages of newly hired autoworkers is at or below the levels that prevailed in the 1930s.

Thousands of schools have been closed, hundreds of thousands of teachers laid off, and the public education system gutted to make way for for-profit charter schools.

Detroit, once a thriving metropolis and center of the world auto industry, has been turned into an impoverished and desolate city whose inhabitants face Third World conditions. It is about to be placed under a bankers' dictatorship and very likely thrown into bankruptcy.

On Tuesday, as the New York Stock Exchange was hitting new heights, New York's Coalition for the Homeless was reporting a different record. In January, an average of more than 50,000 people slept each night at a homeless shelter in the city, including over 21,000 children--more than 1 percent of the city's youth.

Now the US government, with the sequester cuts as the down payment, is preparing to dismantle the core social programs remaining from the reforms of the 1930s and 1960s—Medicare, Medicaid and Social Security.

This social counterrevolution was inaugurated by the

Wall Street crash of September 2008—the result of financial fraud and criminality on a colossal scale. Yet, amidst the still steaming rubble of the social tsunami they unleashed, the lords of finance are today able to celebrate their biggest heist ever.

How is this to be explained?

The media offers no explanation. The network commentators, in line with their six- and seven-figure salaries and their bulging portfolios, hail the new record on the stock market as though it were a national achievement. Rejoice, one and all!

In reality, the record highs on Wall Street are a measure of the scale of the theft of social resources carried out since the financial crash by the very parasites who were responsible for the collapse.

The obscene profits that are being made by the corporations and banks, the gargantuan pay packages that the CEOs are awarding themselves, the shameless fortunes that are being made through the manipulation of financial assets—in the midst of mass unemployment and austerity—none of this is seriously raised or questioned. The obvious contradiction between the official claims of “no money” for social needs and the vast sums sloshing around Wall Street is not even hinted at.

It is a fact that not a single leading banker or hedge fund speculator has been criminally prosecuted, let alone jailed, for crimes that have caused a level of misery, destruction and death that is incalculable. Instead, the Obama administration, both political parties and the entire panoply of official institutions—including the trade unions—have made it their business to ensure that every dollar lost by the financial aristocracy in the crash was paid back many times over.

Paid back by whom? By the working class in the US and the world, through the greatest assault on its living standards in history.

The latest surge in the stock market—which has soared almost without a hitch since the start of the year—is bound up with the fact that those in the know had been assured the White House and Congress would push through the sequester cuts. As a leading Bank of America executive told the *New York Times* this week, “The market wants more austerity.”

More broadly, since day one of the crisis the government has provided the banks with unlimited funds. Besides the trillions in cash injections, virtually interest-free loans and credit guarantees handed out by the Bush and Obama administrations and the Federal Reserve in the immediate aftermath of the September 2008 crash, the Fed has pumped trillions more into the financial markets through the dollar-printing operation known as “quantitative easing.” This is currently running at \$85 billion a month, or over \$1 trillion a year—enough to cover the current budget deficit of the federal government.

Notwithstanding the pious disavowals of the Fed, it is financing the biggest financial bubble in history—with stocks, bonds and other financial assets at vastly inflated prices. With the White House and Congress refusing to impose any real bank reforms, the Fed has a green light to underwrite the same types of frenzied speculation that triggered the last financial meltdown, but on an even more vast scale.

The conditions are being created for another, more disastrous crash, but the financial plutocrats continue to plunder the country secure in the knowledge that they will, once again, be bailed out.

The events of 2008 definitively exposed the complete subordination of the government to the financial aristocracy. The developments since then have only confirmed this fact.

The record highs on Wall Street underscore the irreconcilable antagonism between the social needs of the people and the existing economic and political system. There are ample resources to guarantee every worker and young person a job at decent pay, a high quality education, decent housing and nutrition, access to culture, and a secure retirement—the basic social rights which every person should enjoy.

But they cannot be secured except through the mass struggle of the working class. The ill-gotten fortunes of the financial parasites must be expropriated and used to provide jobs, schools and housing. A revolutionary

struggle is required to break the stranglehold of the financial oligarchy over the productive forces and place them under the democratic control of working people—that is, a struggle for socialism.



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