

Bernie Sanders poses as an opponent of Wall Street in New York speech

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Democratic Party presidential candidate Bernie Sanders expanded on his campaign pledge to break up the major Wall Street financial institutions during his first year in office in a speech on financial regulation delivered Tuesday in New York City.

Sanders' speech was meant for two audiences simultaneously. For those who are attracted to his campaign by its focus on social inequality, its purpose was to bolster the Vermont senator's credentials as an opponent of the criminal activities of Wall Street. For the financial elite and the corporate-controlled Democratic Party, the speech was meant to be the equivalent of a reassuring wink that, notwithstanding his populist rhetoric, Sanders could be counted on to defend the interests of American capitalism.

Sanders delivered his remarks to an invitation-only crowd at Town Hall in midtown Manhattan, a few miles from Wall Street. The select character of the audience stood in marked contrast to earlier campaign appearances at which Sanders addressed tens of thousands of people lured by his stated opposition to the "billionaire class" and social inequality and his talk of a "political revolution."

In attendance at Monday's speech, billed in advance as a major policy statement, were numerous Democratic Party establishment figures from the New York City area, including Ras J. Baraka, the mayor of nearby Newark, New Jersey. The event was emceed by New York State Senator James Sanders, who, during his time on New York's City Council, supported the administration of the billionaire former mayor Michael Bloomberg.

"To those on Wall Street who may be listening today, let me be very clear. Greed is not good," Sanders admonished. The line, which was released in advance by the campaign, was repeated in friendly media

headlines and served as the speech's "catchphrase."

The candidate went on to say that, within 100 days of taking office, he would direct his treasury secretary to draw up a list of major banks, shadow banks and insurance firms "who pose a catastrophic risk to the United States economy without a taxpayer bailout." These corporations would be broken up by the end of the year.

Sanders listed a number of other regulatory proposals, including reinstating the Glass-Steagall Act, a law separating investment and commercial banking that was repealed during the Clinton administration. He pledged to transform the major credit rating agencies into nonprofit institutions, cap credit card interest rates at 15 percent, and impose a tax on Wall Street speculation to fund tuition for public colleges and universities.

As always, Sanders failed to explain how the party he seeks to head, one of the two main parties of American big business, could or would carry out any significant reform of Wall Street. He did not address the critical role the Democratic Party has played, including under the Obama administration, in the explosive growth of social inequality and the deregulation of corporate America in general and Wall Street in particular.

President Obama, under whose administration the richest 1 percent has captured 95 percent of all income gains, was mentioned only once, when Sanders singled him out for praise for "improving this economy." The presidential aspirant offered only muted criticisms of Democratic frontrunner Hillary Clinton, who has extensive ties to the financial industry, arguing that her proposals for Wall Street "reform" did not go far enough.

Sanders, who calls himself a "democratic socialist," has made clear in the course of his campaign that he

opposes any measures that would threaten the fundamental economic interests of the financial elite and the capitalist class as a whole. He does not challenge private ownership of the banks and corporations or the profit system itself, and does not advocate public ownership of the banks he claims to oppose. This makes his talk of taming Wall Street cynical bluster, as he is well aware that the massive wealth of those who control the levers of finance is the basis for their domination of the political system and the state.

In the course of his hour-long speech, Sanders made one passing and obscure remark that was meant to reassure those in the know that they had nothing to fear from his populist demagogy. He said that his proposal to break up the banks would be “authorized under Section 121 of the Dodd-Frank Act.”

This caveat confirms that his proposal is entirely unserious. The Wall Street Reform and Consumer Protection Act, commonly known as the Dodd-Frank Act, was enacted after the 2008 financial crisis in order to shield the major financial institutions, whose quasi-criminal speculative activity triggered the greatest economic crisis since the Great Depression, from any significant liability, while providing a public pretense of banking “reform.”

Under section 121 of the law, it is the Federal Reserve’s unelected Board of Governors, dominated by bankers, and not the president, that has the authority to break up companies worth more than \$50 billion, and only if lesser measures are determined to be “inadequate to mitigate a threat to the financial stability of the United States.”

Since the 2008 financial crisis, the activities of the Federal Reserve have been aimed at defending and increasing the wealth of the super-rich and expanding the size and power of the biggest Wall Street banks. Its policies, including the printing of hundreds of billions of dollars under its “quantitative easing” program and keeping benchmark interest rates near zero, have directly contributed to record profits for American corporations. Sanders himself admitted as much when he accused the Federal Reserve of being “hijacked by the very bankers it is in charge of regulating” in the course of his speech.

(Sanders’ feigned indignation notwithstanding, the use of the word “hijacked” to describe the domination

of the US central bank by bankers is an example of the puerile phrase-mongering that is typically used to dress up a conventional bourgeois politician as a “radical.”)

In any event, a Sanders administration, under the rules of appointment to the Fed, would have little influence on the composition of the current board. As one news outlet noted, the 14-year terms for all of the current members of the board, all Obama appointees, do not expire until 2020 or later, and the next president will not be able to replace Janet Yellen as chairwoman of the Fed until 2018, a full year after Sanders’ proposal would supposedly be implemented.

Even taken at face value, Sanders’ proposals are modest by historical standards. The break-up of major trusts was actually carried out at the turn of the 20th century by President Theodore Roosevelt, a pro-business politician and early supporter of American imperialism.

Last week, Sanders released a statement angrily denouncing Republican presidential candidate Donald Trump for claiming that Sanders supports increasing tax rates for the wealthy to 90 percent. Instead, Sanders reiterated, he merely advocates that the super-rich “pay their fair share” of taxes. During the Republican administration of Dwight D. Eisenhower in the 1950s, the top income tax bracket was 92 percent.



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