

Paul Krugman smears Bernie Sanders

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9 April 2016

New York Times columnist and economist Paul Krugman has penned another in a series of unprincipled and dishonest attacks on Bernie Sanders on behalf of the Democratic Party establishment and the presidential campaign of Hillary Clinton.

Krugman has made a name for himself as the academic mascot of what remains of the liberal wing of the Democratic Party. For this he has been amply rewarded, including with a tenured professorship at Princeton University, a regular column in the *New York Times*, a Nobel Prize and frequent visits to the White House. For all his left pretensions, however, Krugman is and has always been bitterly hostile to Marxist economics, not to mention the socialist politics that go with it.

In the wake of a wave of primary victories by the “democratic socialist” senator from Vermont, culminating in last Tuesday’s landslide victory in Wisconsin, and ahead of a critical contest in New York, Krugman is seeking to discredit Sanders among sections of liberal Democrats who have been attracted to his campaign.

His Friday column, entitled “Sanders Over the Edge,” follows a blog he posted on the *Times* web site last Sunday accusing Sanders of being a fifth columnist for the Republicans. Krugman wrote: “Engaging in innuendo suggesting, *without evidence*, that Clinton is corrupt is, at this point, basically campaigning on behalf of the RNC (Republican National Committee).” [Emphasis added]

Without evidence?! The entire political history of Bill and Hillary Clinton has been steeped in hypocrisy and corruption. Extending back to their days in Arkansas, the Clintons perfected the art of combining “I feel your pain” rhetoric with deal-making with various business interests to advance their political careers. This included Bill Clinton’s connections with Frank Perdue of the poultry empire and Hillary Clinton’s six-year stint on the board of directors of Wal-Mart during her husband’s term as Arkansas governor.

During their years in the White House, the Clintons shifted the Democratic Party further to the right, repudiating any program of social reform or redistribution of wealth from the top to the bottom in favor of traditional Republican nostrums. Their strategy of “triangulation” included new draconian prison sentencing laws and the termination of the sixty-year-old federal welfare program called Aid to Families with Dependent Children, driving millions of the poorest Americans into destitution.

At the same time, the Clintons oversaw the final dismantling of any serious banking regulation, marked by the repeal of the 1930s Glass-Steagall Act and its separation of commercial and investment banking.

Since the end of the Clinton presidency, Hillary and Bill have

parlayed their White House tenure into a personal fortune in the hundreds of millions of dollars. The two have collected over \$140 million in the 15 years since the end of the Clinton administration, while workers were losing their jobs, retirement savings and homes. A major part of this windfall has come in the form of speaking fees from big corporations and banks. In the first 15 months after she left her post as Obama’s secretary of state in 2012, Hillary Clinton took in \$5 million in such rewards for services rendered.

In an earlier period, Krugman staked out a position by criticizing the Clinton administration for its adoption of right-wing positions previously associated with the Republican Party. In August 2006, to cite one example, he complained that “in practice Mr. Clinton governed well to the right of both Eisenhower and Nixon.”

Krugman also adopted a somewhat critical attitude toward Obama during the early years of his tenure as president, and was shunned by the administration as a result. But after his invitations to White House dinners declined, Krugman got the message, took his spanking like a man, and worked hard to lick his way back into the favor of the Democratic Party establishment.

The *Times* columnist has become a principal promoter of Obamacare, which he has sought to sell as a progressive social reform. Earlier this month, he published a column, “Learning From Obama,” which hailed the administration’s economic and social policies as “what progressive success looks like”—ignoring the fact that Obama’s right-wing policies have led to a record growth of social inequality.

Krugman’s blog on the *Times* is produced under the overall headline, “Conscience of a Liberal.” As it turns out, this conscience does not amount to much. As an intellectual bagman for Wall Street and its favored candidate, he now has a new job to perform—attacking Sanders from the right.

In his latest piece, Krugman hones in on Sanders’ call for breaking up the big banks—something that has become a focus of pro-Clinton propaganda following the publication of a *New York Daily News* interview in which Sanders had difficulty explaining precisely how his proposal would be carried out.

Krugman’s first line of attack is to dismiss the call for downsizing the mega-banks as a preference for “easy slogans over hard thinking.” He elaborates, attacking Sanders’ “political theory of change, his waving away of limits” as “utterly unrealistic.”

Here you have in a nutshell the intellectual narrowness, complacency and cowardice of American liberalism in its period of putrefaction and reaction. Krugman and the “liberal policy wonks” he cites as authorities on Sanders’ bank policy are incapable of imagining anything that seems to challenge the

capitalist status quo.

This leads Krugman to construct the most shabby alibis for the financial aristocracy. He writes: “The easy slogan here is ‘Break up the big banks’... But were the banks really at the heart of the financial crisis, and would breaking them up protect us from future crises?”

“Many analysts concluded years ago that the answers to both questions were no. Predatory lending was largely carried out by smaller, non-Wall Street institutions like Countrywide Financial; the crisis itself was centered not on big banks but on ‘shadow banks’ like Lehman Brothers that weren’t necessarily that big. And the financial reform that President Obama signed in 2010 made a real effort to address these problems. It could and should be made stronger, but pounding the table about big banks misses the point.”

This is a pack of lies. To start with the most obvious falsehood: Lehman Brothers, with assets of \$690 billion, was the fourth largest investment bank in the US when it collapsed on September 15, 2008. It had been in existence for 158 years. To call it a “shadow bank” is absurd.

As for the culpability of the biggest US banks, the US Senate Permanent Subcommittee on Investigations issued a voluminous and detailed report on the 2008 financial meltdown in April of 2011, which concluded: “The investigation found that the crisis was not a natural disaster, but the result of high risk, complex financial products; undisclosed conflicts of interest; and the failure of regulators, the credit rating agencies, and the market itself to rein in the excesses of Wall Street.”

On the specific role of the big Wall Street banks, the Senate committee pulled no punches, writing: “Investment banks were a major driving force behind the structured finance products that provided a steady stream of funding for lenders to originate high risk, poor quality loans that magnified the risk throughout the US financial system. The investment banks that engineered, sold, traded and profited from mortgage related structured finance products were a major cause of the financial crisis.”

Just to underscore the point, the 640-page Senate report devoted over 110 pages to the corrupt practices of Washington Mutual, the sixth largest US bank at the time of its collapse, 46 pages to Deutsche Bank, and 250 pages to Goldman Sachs. It also documented the complicity and corruption of the bank regulatory agencies and the credit rating firms.

On issuing the report, the committee chairman, Democratic Senator Carl Levin, said the investigation had found “a financial snake pit rife with greed, conflicts of interest and wrongdoing.”

As for Krugman’s assurances about the effectiveness of the 2010 Dodd-Frank banking act in staving off another financial meltdown and government bailout of Wall Street, none other than the president of the Minneapolis Federal Reserve Bank, Neel Kashkari, who actually administered the \$700 billion TARP bank bailout in 2008-2009, is holding forums to warn that the so-called banking “reform” will not prevent another crash and tax-payer bailout and championing the demand to break up the biggest banks.

The real problem with Sanders is not that he calls for breaking up the mega-banks, but that his anti-bank and anti-billionaire

rhetoric is entirely unserious. As a defender of the capitalist system and the Democratic Party, Sanders has no intention of going after the giant financial institutions, let alone calling for actual socialist measures such as the nationalization of the banks and corporations under the democratic control of the working class.

What concerns Krugman and other figures in the Democratic Party is that Sanders’ rhetorical sallies might be taken seriously by the public, presaging the development of a genuinely anti-capitalist movement among working people and youth.

In his column, Krugman goes on to attack the Sanders campaign for suggesting that Clinton’s “Wall Street connections, which are real,” have “distorted her position.” How dare they imply, Krugman protests, that bribes in any way impact the actions of the bribe-taker!

From there he proceeds to denounce Sanders for pointing to Clinton’s campaign contributions from the fossil fuel industry, calling such statements “just plain dishonest” and reflective of a “campaign that has lost its ethical moorings.” There are disputes as to how much cash Clinton has taken from the oil and gas industry, but nobody denies that it adds up to a minimum of hundreds of thousands of dollars, and perhaps millions.

At this point in his column, Krugman becomes truly indignant. “And then there was Wednesday’s rant about how Mrs. Clinton is not ‘qualified’ to be president.”

What was Sanders’ crime? The fact that he raised “what he considers Mrs. Clinton’s past sins, including her support for trade agreements and her vote to authorize the Iraq war—for which she has apologized...”

In Krugman’s book, voting to authorize an unprovoked and illegal war based on lies that killed hundreds of thousands of Iraqis, injured millions more, killed and wounded thousands of Americans, turned millions into refugees and destroyed an entire society is a mere peccadillo. But he is correct when he implies that, far from disqualifying a presidential aspirant, mastering the arts of deceit, political skullduggery and mass murder are a prerequisite for holding the office.

Sanders’ own response to the attacks by Clinton and the likes of Krugman is defensive and bankrupt. In as much as he himself is a supporter of capitalism dedicated to reviving the Democratic Party, he does not and cannot answer her effectively.

In the end, that his program of mild social reform comes under vicious attack from the mainstream Democratic Party only demonstrates how far to the right this party has moved and how bankrupt are all claims that it can be turned into an instrument of progressive change.



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