

On Fifth Anniversary of Wall Street Crash, Obama Tries the Big Lie Technique

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On Monday, US President Barack Obama marked the fifth anniversary of the Wall Street crash of September 15, 2008 with a White House speech that only underscored the unbridgeable chasm that separates the entire political establishment from the broad mass of working people.

Even as he spoke, the stock market was soaring to new highs on the news that Obama's expected choice to succeed Ben Bernanke as chairman of the Federal Reserve, Lawrence Summers, had removed himself from consideration because of opposition from Wall Street.

Forbes magazine reported that the wealth of the 400 richest Americans had climbed to \$2 trillion, a jump from \$1.7 trillion in 2012.

With corporate profits at record highs, CEO pay once again hitting the tens and hundreds of millions, and the concentration of wealth the greatest since 1928, Obama boasted of the great success of his economic policies in restoring "security and opportunity for the middle class."

With breathtaking cynicism—and contempt for the intelligence of the American people—Obama presented himself as single-mindedly focused on "my number one priority since the day I took office": fighting for the so-called "middle class." (There is, according to the mythology of the American ruling class, no working class in the United States, even though America is the most economically unequal of all industrialized countries).

Employing the technique of the Big Lie, Obama described his response to the financial crisis as follows: "We put people back to work repairing roads and bridges, to keep teachers in our classrooms, our first responders on the streets. We helped responsible homeowners modify their mortgages so that more of them could keep their homes. We helped jumpstart the flow of credit to help more small businesses keep their doors open. We saved the American auto industry... we took on a broken health care system ... We put in place tough new rules on big banks ... And what all this means is we've cleared away the rubble from the financial crisis and we've begun to lay a new foundation for economic growth and prosperity."

No. The Obama administration categorically rejected any program of public works to hire the unemployed and refused to aid bankrupt state and local governments, resulting in the layoff of hundreds of thousands of teachers, firefighters and other public employees. As a result, mass unemployment is a permanent fixture, and the labor force participation rate is the lowest in 35 years. Moreover, the vast majority of new jobs created under Obama—still 2 million below the total before the crisis—are low-wage and part-time.

The administration refused to halt home foreclosures or force banks to reduce loan principals, allowing the banks to throw millions of families out onto the street.

While continuing and vastly expanding the bank bailout begun under Bush, Obama refused to impose any conditions on the money stolen from taxpayers, allowing the bankers to use government funds to speculate rather than provide loans to small businesses. The result was a wave of small business failures that continues to the present.

Obama forced General Motors and Chrysler into bankruptcy in order to impose plant closures, tens of thousands of layoffs, cuts in workers' benefits, and a 50 percent pay cut for new-hires. The wage-cutting in the auto industry was the signal for an assault on wages and benefits in every sector of the economy, public as well as private.

Obama passed a health care overhaul devoted to cutting costs for corporations and the government by rationing health services, drugs, medical tests and procedures on a class basis. Millions of workers will see their coverage slashed while the health care giants and insurance companies enjoy windfall profits.

The Dodd-Frank financial "reform" bill passed in 2010 is a joke. A compendium of half measures meant to provide a fig leaf of reform while leaving the existing financial system intact, it largely remains a dead letter. Provisions such as the "Volcker Rule," which would restrict—but not end—the legal ability of banks to speculate on their own accounts with depositors' money, have not been enacted because of opposition from Wall Street.

Not a single leading bank executive has been criminally prosecuted, let alone jailed, for rampant fraud and criminality both before and after the 2008 crash. Over the past five years, bank scandals have proliferated—Libor-rigging, foreclosure fraud, concealing speculative losses, drug money laundering—with no serious consequences for the criminals. Not only have the biggest banks not been broken up, they have been allowed to grow even bigger and strengthen their grip on all aspects of economic and political life.

As for the "new foundation for growth and prosperity," the offloading of the bad debts of the banks to the government and the massive money printing by the Federal Reserve to subsidize Wall Street have created the conditions for a financial crash of even greater proportions than the debacle of 2008.

The bankrupting of governments has, meanwhile, been used, in the US and around the world, to justify the launching of an historic assault on social programs and the jobs and living standards of the working class. Obama has spearheaded a social counterrevolution, utilizing the economic crisis to turn the wheel of history back to levels of exploitation and poverty last seen 100 years ago.

The centerpiece of this assault in the US is the bankruptcy of Detroit, backed by the White House, which is being used to destroy the pensions and health benefits of city workers, privatize and slash city services, and sell off public assets, from the water department to the Detroit Institute of Arts. Detroit will set a precedent for cities across the country and internationally.

In his speech, Obama made passing reference to the further growth of social inequality during his tenure, noting that "the top one percent of Americans took home twenty percent of the nation's income last year, while the average worker isn't seeing a raise at all."

Typically, however, he spoke as though he was an innocent bystander and the further enrichment of the financial aristocracy had nothing to do with himself or his own policies.

In reality, the single-minded focus of Obama's domestic agenda from day one has been to enable the ruling class to recover its losses from the crash and exploit the crisis to amass even greater wealth. Even as he sought in his speech to blame congressional Republicans for obstructing his supposed campaign in behalf of the middle class, Obama signaled that he intended to intensify his attack on social programs for workers and grant new windfalls to big business.

Boasting that deficits were falling at the fastest rate since the end of World War II, he said, "there's not a government agency or program out there that still can't be streamlined ... So I do believe we should cut out programs that we don't need."

He reiterated his support for "reforms" to Medicare and Social Security, including raising the retirement age for Medicare, introducing a form of means testing, and cutting cost-of-living raises for Social Security beneficiaries. At the same time, he repeated his support for a massive cut in corporate taxes.

Obama's speech will not fool the vast majority of workers, whose anger is increasingly focusing on the White House and the former candidate of "hope" and "change." This opposition must be mobilized on the basis of a clear, independent, socialist political program, which starts from the need to build a political movement in opposition to the entire political establishment and the capitalist system it defends.

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