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Barack Obama and the Neo-Liberal Coup

by ROB URIE

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Defenders of the policies of President Barack Obama have correctly pointed to the difficult circumstances he and ‘the nation’ faced when he entered office and the dim intransigence of Congressional Republicans while they fail to address that his actual policies have derived almost exclusively from the political-economic theories of neo-liberalism—the economics of the radical right. And as Mr. Obama moves his policy proposals for his second term forward what is once again apparent is that both the policies and his articulation of them are from the radical right. His proposals to shutter Federal housing agency stalwarts Fannie Mae and Freddie Mac, his use of dubious legal opinions to consolidate the power of ‘the Executive’ and to justify the murder of citizens and non-citizens without due process, his support for trade agreements that effectively hand domestic governance over to multi-national corporations, his growth of an intrusive surveillance state and pompous dismissal of criticism of it and his stuffing his cabinet and likely the Federal Reserve Chairmanship with neo-liberal ideologues all confirm that the policies of his first term were not a product of circumstance, but rather the coherent implementation of a radical-right agenda.

Apparently unbeknownst to many, when promoting these policies Mr. Obama has in each case used coded talking points of the radical right to sell them. That these talking points come from the grim bourgeois banker and 'national security' ghettos, company towns if you will, where the fantasies and rank hallucinations of executives and Boards of Directors go unchallenged by 'subordinates' goes some distance toward explaining Mr. Obama's own dismissive tone and condescension during those exceedingly rare moments when inconvenient truths are raised in his presence. Whereas in a democracy leaders respond to the concerns of the citizenry, in a corporate-state 'leaders' decide both the questions and the answers. Were there not fundamentally different visions of political economy and society behind the left-right divide—actual content rather than the inane banter of paid Party hacks that passes for 'debate' in the U.S., circling Mr. Obama's policies with the charge 'radical right' might seem hyperbole. So the charge here conveys that these policies promote / reflect political capture by neo-liberalism and the restructuring of government Mr. Obama has undertaken is a reflection of the architecture of this economic order.

While not necessarily the most momentous, one of the most telling policies that ties Mr. Obama's undying support for Wall Street in his first term to his current policies is the decision to shutter Fannie Mae and Freddie Mac (GSEs). These quasi-government agencies arose from the economic catastrophe of the Great Depression to insure home mortgages away from the predations of private mortgage lenders—the same 'system' of private mortgage lending that led once again to financial catastrophe in 2008. To add insult to injury, Mr. Obama's talking points for the closures come straight from the Wall Street ghetto of Manhattan (my current home), including the well-refuted contention that Fannie Mae and Freddie Mac were responsible for the housing / mortgage catastrophe of recent vintage caused by Wall Street. The facts are that the catastrophe was caused entirely by mortgages that were underwritten by private mortgage underwriters and packaged into toxic garbage by Wall Street according to neo-liberal principles of 'market' economics. At this point in history Mr. Obama still has the audacity to repeat the Wall Street / radical right lie that the Federal government that 'saved' Wall Street at public expense was responsible for the financial and economic catastrophes Wall Street alone caused.

It is important to understand the genesis of the alternate reality that so dissociates official Washington and Wall Street from the facts as they apply to this world. After a (very) brief opening for self-reflection in the depths of economic catastrophe in 2008 the narrative developed that through the CRA (Community Reinvestment Act) the Federal government forced Wall Street banks to make the fraudulent mortgage loans that were major contributors to the crisis. The facts are that the mortgages made under CRA guidelines experienced no higher defaults than

high quality mortgages made under similar lending guidelines. CRA loans played no role in the crisis. The second charge was that the GSEs—Fannie Mae and Freddie Mac, predominated sub-prime lending when they were both late to the game and bit players. To any who have taken an honest look at the circumstances leading to the crisis, it was looting by Wall Street using related or captive private mortgage underwriters who knowingly underwrote fraudulent mortgages to feed their ‘securitization’ (toxic waste) pipelines that created the debacle. However, within days of the start of the bank bailouts the narrative was put forward by neo-liberal ideologues that the Federal government was entirely responsible for Wall Street’s murder of the global economy.

For a number of reasons this claim has more dimensions to it when put forward by Mr. Obama than when it is put forward by Wall Street apologists and / or Rush Limbaugh and John Boehner. In the first place, Mr. Obama’s same first term staff that engineered the phenomenally corrupt bailouts of Wall Street, including Timothy Geithner and likely soon to be new Fed Chair Larry Summers, were the Clinton Administration point-persons who led the deregulation of the banks to their near demise. Messrs. Geithner and Summers were subsequently given free rein by Mr. Obama to bury the consequences of their monumental corruption and ineptitude, trillions of dollars of garbage bank assets, in these government and quasi-government agencies through the bank bailouts. What Mr. Obama is now doing is ‘proving’ the canard of the radical right that government destroys everything it touches by pointing to the devastation he and his colleagues in misdirection created as evidence of its validity—the GSEs (Government Sponsored Enterprises) were corrupted by the corporate-state nexus of the Clinton, Bush and Obama administrations, not by ‘government.’ And in practical terms, Mr. Obama is hiding evidence of his administration’s crimes in the bailouts while simultaneously continuing to put public resources into the hands of the same corrupt bankers who killed the global economy.

Two other related issues come together to suggest Mr. Obama is acting in bad-faith in nearly all his public pronouncements. According to still classified documents even the FISA Court, the kangaroo court that renders secret decisions on national security issues, found NSA surveillance under the Obama administration to be illegal. Ongoing ‘top secret’ classification of the court’s findings hides the administration’s criminality that ties in intent to its super-secrecy over the latest extension of the corporate-state coup, the TPP (Trans-Pacific Partnership) agreement that by reports hands law-making authority to a coalition of multi-national corporations. This is more than simply shady dealing taking place behind closed doors. Through the public-private partnerships tied to illegal NSA surveillance and the accedence of law-making authority to ‘private’ corporate interests Mr. Obama is engineering what appears to be a full-blown corporate-state coup. Lest this read as hyperbole, using secret interpretations of secret laws

passed by a secret court to subvert the public will and cover up crimes is police-state practice. To use private corporations to subvert privacy laws and Constitutionally determined lawmaking authority is a political coup. Those unfamiliar with these and their relation to European history in the first half of the twentieth century may wish to bone up on their history.

What is missing from most political analysis around these policies is their trajectory—Mr. Obama's time in office comes several decades into the ascendance of neo-liberalism. While many on 'the left' object to neo-liberal policies such as 'free trade' and 'deregulation,' what is usually left unsaid is that it is a fundamentally totalitarian form of political economy that is well into being used to restructure most of the Western world. Few if any of the hundreds of millions of people whose lives have been re-arranged by neo-liberal policies were asked if they favored them. And the super-secrecy around TPP negotiations is designed to assure the voices of those affected by it are excluded. The only plausible reason for the exclusion is that enough is known by the negotiators about the views of the public for them to assume we would object en masse if the details of the agreement became public. When viewed in conjunction with the surveillance state Mr. Obama and NSA officials continue to aggressively cover-up and lie about and the consolidation and subsequent dissemination of the data collected by it across government agencies the precise point in the trajectory toward corporate-state coup becomes clearer. Tie in the public-private partnerships used by the surveillance state to circumvent domestic laws and the relation of neo-liberalism to totalitarian strategies and tactics is evident.

The historical trajectory from the mid 1970s to today places the instantiation of neo-liberal ideology into public perceptions several generations deep. And the build-out of totalitarian infrastructure—public-private lawmaking through ALEC (American Legislative Exchange Council), public-private policing, public-private incarceration ('private' prisons) and the public-private surveillance state has taken place gradually enough to be missed by those not looking very hard. And ironically, neo-liberalism has been better sold to the public by well known political liberal icons in Ivy League universities than by the conspicuous purveyors of right-wing ideology. Princeton University economist Paul Krugman is a self-described 'free trader' in the older 'Washington Consensus' incarnation of neo-liberalism. But his trade economics call for a top-down restructuring of the global economy that is fundamentally anti-democratic. And none other than economist John Maynard Keynes, of whom Mr. Krugman is an acolyte, identified the totalitarian tendencies of Western economics toward making policy prescriptions in profoundly anti-democratic ways. As an ideology reified in global economic architecture, neo-liberalism forces its view of both what it is human beings want—wealth as capitalist production, and how to get it—through reorganizing economic relations according to its dogma.

However, as the social power evidenced in the bailout of Wall Street demonstrated, neo-liberal dogma is never forced on those with the power to resist it. Several decades of neo-liberal policies were implemented by the IMF (International Monetary Fund) on the citizens of nations too politically powerless to resist them. Closing corrupt, extractive banks was one of the absolute musts of IMF (neo-liberal) policy because they misallocate resources across entire economies if left intact. The point here is that neo-liberalism is purported by its proponents to create / produce an economic infrastructure conducive to 'free markets' but existing asymmetry in political-economic power assures it is only used to restructure the economic relations of those too powerless to resist it. The increasing crises of capitalism, and that of 2008 in particular, should have put an end to neo-liberalism—in the depths of the crisis even the IMF offered a mea culpa apologizing for decades of inflicting its policies on 'other countries' that 'the West' wouldn't inflict on itself. The difference in treatment—in terms of both the hypocrisy of differentiated treatment and the theoretical incoherence of acting against principles in the face of the power to resist them, illustrated neo-liberalism to be a pernicious form of neo-imperialism hiding behind bogus economic theories. And in fact, the major points of disagreement amongst Western economists have been over responses to the crisis, not its causes. (To his credit Paul Krugman has taken the 'the GSEs caused the crisis' argument to task quite effectively several times).

The tendency of we in 'the West' has been to draw a circle around the visible political-economic relations—those close at hand, and to exclude from our realm of concern the broader impact of Western policies. However, neo-liberalism as both ideology and imposed political economy is now fact in the West. With quiet acceptance any pretense of 'democracy' has been replaced with the admonition that if we behave ourselves we can remain on the 'winning' side of political economic restructuring according to neo-liberal dogma. Left unsaid is that rapidly declining circumstance, in terms of both the increasing economic marginalization of most citizens and the imposition of the technologies of totalitarianism, is wholly the product of four decades of near-silent neo-liberal coup. What Mr. Obama's insistence on continuing to push neo-liberal policies indicates is that no economic debacle will cause neo-liberalism to be re-thought by its proponents. What historical trajectory suggests is that the imposed political economies and failed policies of neo-liberalism will only result in their greater imposition until the world says 'no more.'