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The Trader's Voice: Rick Santelli's Tea Party Rant

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Abstract

This essay explores the micro-origins of the Tea Party movement, focusing on Rick Santelli's February 2009 'rant' at the Chicago Mercantile Exchange. Contrary to populist readings of the movement and its later anti-Obamacare positions, a close reading of the rhetorical and media contexts of the rant demonstrates that its origins lay in a defense of unregulated, untaxed derivative securities. The particular configuration of the HDTV image and viralizable video content contributed to both the power of the rant and the erasure of its particular context.

Keywords

Chicago Mercantile Exchange • CNBC • derivatives (financial) • HDTV
• Richard Santelli • Tea Party (political movement)

The Chicago Mercantile Exchange and the Chicago Board of Trade have been the epicenters of a futures-contractual utopia since the 19th century, never more so than the moment when Ferris Bueller proposed to his girlfriend Sloane at the Merc in John Hughes's 1986 comedy.

However upbeat things looked in the 1980s, in early 2009 the atmosphere at the CME Group had turned sour. And so it happened that early on Thursday 19 February, Rick Santelli, the market reporter on CNBC, weighed in on the new administration's plans for grappling with a recession that had not yet hit bottom. Dismayed at the stimulus package, proposed mortgage modifications, and tentative plans for the re-regulation of financial markets, Santelli offered his own proposal:

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How about this, President and new administration: why don't you put up a website to have people vote on the internet as a referendum to see if we really want to subsidize the losers' mortgages or would we like to at least buy cars and buy houses in foreclosure, and give them to people who might actually have a chance to prosper down the road and reward people that can carry the water instead of drink the water?

The pseudo-democracy of the online referendum came with the advantage that it would never be attempted, freeing Santelli from detailing the mechanics of such a vote. By 2009, it had become commonplace to refer to such consequence-free speechifying as 'a rant', and Santelli's was swiftly duplicated, posted online, and anointed 'the rant of the year' (Sullivan, 2009).

Without having to worry about implementing a new plebiscitary political system, Santelli instead suggested a media-friendly protest: 'We're thinking of having a Chicago Tea Party in July. All you capitalists that want to show up at Lake Michigan, I'm going to start organizing.' Asked what he'll be dumping at this tea party, Santelli says 'some derivative securities'. The rant on the floor may or may not have been the decisive moment in the launching of the Tea Party movement (there is debate: see Perlberg, 2014; Skocpol and Williamson, 2012; Weigel, 2010), but the speech and its aftermath provided an early check on the Obama administration's '100 Days' narrative.¹ Yet his remarks, however galvanizing, were largely orthogonal to the interests of the Tea Party as it would take shape.

That summer, the Tea Party's ridiculous optics – tricorne hats, illiterate racist signage, redfaced raging at town hall meetings – would congeal. But here, less than a month after Obama's inauguration, the astroturf politics of popular unrest had not yet fully engaged. In this brief window, it was still possible for something as utterly weird as Rick Santelli's rant to become the wellspring of a 'movement'. And it *was* weird: here was a man who had made his reputation and his career as a derivatives trader now casting his arms wide and inviting the President to listen to 'America' behind him. A trader to Santelli's right serves as his Amen Corner (see Figure 1), whistling support.

When Santelli turns his attention to the administration's tentative principal reduction plans, the trader chimes in: 'It's a moral hazard!', handily making a term of economic analysis into an ethical judgment. In turn, Santelli turns faux-analytic and says of his surroundings: 'My guess is [they are] a pretty good statistical cross section of America, the Silent Majority.' The image, naturally enough, shows nothing of the kind; there are only guys, middle-aged and apparently white, all of whom work in finance. The soundtrack makes clear that this 'silent majority' is noisily aggrieved.

Santelli is not eloquent – even the attaboys from rightwing outlets like the National Review admit that.² But however far down the ladder of Chomskyan grammaticality he stands, he manages to flip all the necessary switches.



Figure 1. Amen Corner. Heritage Foundation (2009).

Rhetorically, he makes a desperate apostrophe to President Obama of the sort that would come to characterize the farther reaches of the Republican House. Conceptually, his economic ideas are a hash of anti-Keynesian talking points. He declares governmental economic stabilization the road to Cuban-style collectivism. He ridicules the idea that the fiscal multiplier could ever be more than 1 and calls out economist and Obama adviser Larry Summers, demanding an explanation for such magical math. However opaque the syntax, we can, in retrospect, see where most of this was going.

Yet the proposed tea party remains baffling. When he proposes to dump 'some derivative securities' what does he mean? One way of understanding that would be to take it as populist anger at financial complexity of the sort that stretches back more than a century to William Jennings Bryan.³ The populist line from Bryan to William Greider (1987) to the 'Audit the Fed' forces gathered around Representative Ron Paul and his son Senator Rand did have a place within the Tea Party.⁴ Sometimes populism served as the political bridge between left and right, connecting the 'Austrian' economics of the Pauls to apocalyptic financial fora such as Zero Hedge and *Rolling Stone's* Matt Taibbi. Taibbi (2010: 209), who memorably likened Goldman Sachs to 'a great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money', was the more rhetorically inventive counterpart to Santelli. The caustic laughter behind Taibbi's satirical portraits of bailed-out bankers such as Lloyd Blankfein would become an important tonal backdrop to the Occupy movement. At the same time, Elizabeth Warren's scholarly populism would eventually inherit the political mantle of the consumer financial protection movement. Yet the Tea Party did not pursue macroeconomic populism, where it would likely have found itself deeply opposed to Santelli's ad-hoc liquidation of the 'losers', but instead directed its anger at the stimulus and health care reform.

Santelli's framework is not populist but predatory. He begs the government to let the 'losers' with extra bathrooms go under so he and his friends can

swoop in and buy houses and cars out of foreclosure.⁵ Naturally, he leaves out the more than \$700bn in TARP funds that were offered to banks and investment firms to keep them liquid. Instead, Santelli intends to dump his derivatives not because in their unregulated proliferation they have brought down the global economy but because the administration has had the temerity to entertain the idea of regulating them and even imposing a financial transactions tax. (Summers would play a key role in stopping that last initiative, see Suskind, 2011: 365). The parallel between the tea parties of 2009 and 1773 lies in the anti-tax fervor. Tax the derivatives and Santelli will dump them.

As important as the avowed political content of this moment was, its media form is just as significant yet has received less attention. The contemporary HD television news image is fragmented, usually into tiles, and the main image is either squeezed to fit or its aspect ratio can be maintained by nesting it in an L, with tickers along the bottom and a rundown on the left (or right) side (Connor, 2012, 2014).

The results are, even for a 2D image, a kind of pseudo-dimensionalization through parallax – one ticker running quickly, another more slowly, the window on reality subject to the usual conventions of television news editing. That nested image can later be extracted, as in Figure 1, in order to be streamed to smaller screens at lower bandwidths where the ticker would be out of date, the program rundown irrelevant, and the resolution insufficient to make them legible anyway. In our still-early HDTV era, newslite events are visually configured to be viralizable. As a result, most of the uploaded versions of the Santelli rant exclude the surrounding infobarrage (see Figure 2). Yet in its full version, one posted to Youtube not by CNBC but by the conservative Heritage Foundation (2009), context comes flooding back. In the bottom right corner, where one would ordinarily find the network 'bug', we see both the CNBC logo and a countdown clock. There is less than 20 minutes before the weekly announcement of initial unemployment claims and the Producer Price Index.⁶ That gives the time as 8:10 am in the east, or 7:10 am in Chicago. Hence Santelli's statement that only 5 per cent of the floor traders are there – the pits won't open for more than an hour – and hence his ability to capture the traders' attention. In its original context, Santelli's rant is little more than the Merc's extracurricular shop-talk. In contrast, in its viralized version, Santelli seems to give voice to the market itself.

It does not happen very often that one can witness the market in the process of generating ideology in public. The ramified systems of corporate and political power usually work more subtly. But in this moment, Rick Santelli was able to serve *in propria persona* as the channel between the collapsing economic system and its emerging ideological pushback. As the administration cobbled together its responses to the crisis, it could rely on a continuing confrontation with Santelli, giving voice to the traders on the floor, and standing with his arms spread wide, demanding satisfaction.



Figure 2. Infobarrage. Sullivan (2009).

Notes

1. Public protests against the stimulus and other measures had already occurred and been widely promoted by conservative writers. For a broad introduction, see McGrath (2010).
2. As *The Washington Examiner's* Michael Barone (2010) put it: 'No one would mistake Santelli's *cri de coeur* for the prose of the Founders.'
3. For a Chicago-centric account, see Cronon (1991).
4. As an example of the appeal of such populism across the ideological spectrum, libertarian Ron Paul was the lead sponsor of the movement in the House while independent (democratic socialist) Bernie Sanders sponsored the Senate equivalent.
5. That is more or less what happened, although the windout took several years (McBride, 2013).
6. As it happens, there were more than 600,000 new unemployment claims that week – a huge number, more than twice as many as one typically sees in a period of moderate economic growth. The Department of Labor (2009) initial release pegged the loss at 627,000, unchanged from the previous week. It was revised up to 631,000 the next week. The Producer Price Index turned modestly positive in January (Bureau of Labor Statistics, 2009), but the trend was still ominous.

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