



## **Chomsky: What America's 'Crisis' Means to the Rest of the World**

By Noam Chomsky, Boston Review

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There is also a problem with the term “crisis.” Which one? There are numerous very severe crises, interwoven in ways that preclude any clear separation. But again I will pretend otherwise, for simplicity.

One way to enter this morass is offered by the June 11 issue of the New York Review of Books. The front-cover headline reads “How to Deal With the Crisis”; the issue features a symposium of specialists on how to do so. It is very much worth reading, but with attention to the definite article. For the West the phrase “the crisis” has a clear enough meaning: the financial crisis that hit the rich countries with great impact, and is therefore of supreme importance. But even for the rich and privileged that is by no means the only crisis, nor even the most severe. And others see the world quite differently. For example, in the October 26, 2008 edition of the Bangladeshi newspaper The New Nation, we read:

It’s very telling that trillions have already been spent to patch up leading world financial institutions, while out of the comparatively small sum of \$12.3 billion pledged in Rome earlier this year, to offset the food crisis, only \$1 billion has been delivered. The hope that at least extreme poverty can be eradicated by the end of 2015, as stipulated in the UN’s Millennium Development Goals, seems as unrealistic as ever, not due to lack of resources but a lack of true concern for the world’s poor.

The article goes on to predict that World Food Day in October 2009 “will bring . . . devastating news about the plight of the world’s poor . . . which is likely to remain that: mere ‘news’ that requires little action, if any at all.” Western leaders seem determined to fulfill these grim predictions. On June 11 the Financial Times reported, “the United Nations’ World Food Programme is cutting food aid rations and shutting down some operations as donor countries that face a fiscal crunch at home slash contributions to its funding.” Victims include Ethiopia, Rwanda, Uganda, and others. The sharp budget cut comes as the toll of hunger passes a billion—with over one hundred million added in the past six months—while food prices rise, and remittances decline as a result of the economic crisis in the West.

As The New Nation anticipated, the “devastating news” released by the World Food Programme barely even reached the level of “mere ‘news.’” In The New York Times, the WFP report of the reduction in the meager Western efforts to deal with this growing “human catastrophe” merited 150 words on page ten under “World Briefing.” That is not in the least unusual. The United Nations also released an estimate that desertification is endangering the lives of up to a billion people, while announcing World Desertification Day. Its goal, according to the Nigerian newspaper THISDAY, is “to combat desertification and drought worldwide by promoting public awareness and the implementation of conventions dealing with desertification in member countries.” The effort to raise public awareness passed without mention in the national U.S. press. Such neglect is all too common.

It may be instructive to recall that when they landed in what today is Bangladesh, the British invaders were stunned by its wealth and splendor. It was soon on its way to becoming the very symbol of misery, and not by an act of God.

As the fate of Bangladesh illustrates, the terrible food crisis is not just a result of “lack of true concern” in the centers of wealth and power. In large part it results from very definite concerns of global managers: for their own welfare. It is always well to keep in mind Adam Smith’s astute observation about policy formation in England. He recognized that the “principal architects” of policy—in his day the “merchants and manufacturers”—made sure that their own interests had “been most peculiarly attended to” however “grievous” the effect on others, including the people of England and, far more so, those who were subjected to “the savage injustice of the Europeans,” particularly in conquered India, Smith’s own prime concern in the domains of European conquest.

Smith was referring specifically to the mercantilist system, but his observation generalizes, and as such, stands as one of the few solid and enduring principles of both international relations and domestic affairs. It should not, however, be over-generalized. There are interesting cases where state interests, including long-term strategic and economic interests, overwhelm the parochial concerns of the concentrations of economic power that largely shape state policy. Iran and Cuba are instructive cases, but I will have to put these topics aside here.

The food crisis erupted first and most dramatically in Haiti in early 2008. Like Bangladesh, Haiti today is a symbol of misery and despair. And, like Bangladesh, when European explorers arrived, the island was remarkably rich in resources, with a large and flourishing population. It later became the source of much of France’s wealth. I will not run through the sordid history, but the current food crisis can be traced directly to 1915, Woodrow Wilson’s invasion: murderous, brutal, and destructive. Among Wilson’s many crimes was dissolving the Haitian Parliament at gunpoint because it refused to pass “progressive legislation” that would have allowed U.S. businesses to take over Haitian lands. Wilson’s Marines then ran a free election, in which the legislation was passed by 99.9 percent of the 5 percent of the public permitted to vote. All of this comes down through history as “Wilsonian

idealism.”

Later, the United States Agency for International Development (USAID) instituted programs to turn Haiti into the “Taiwan of the Caribbean,” by adhering to the sacred principle of comparative advantage: Haiti must import food and other commodities from the United States, while working people, mostly women, toil under miserable conditions in U.S.-owned assembly plants. Haiti’s first free election, in 1990, threatened these economically rational programs. The poor majority entered the political arena for the first time and elected their own candidate, a populist priest, Jean-Bertrand Aristide. Washington adopted the standard operating procedures for such a case, moving at once to undermine the regime. A few months later came the anticipated military coup, and the resulting junta instituted a reign of terror, which was backed by Bush senior and even more fully by Clinton, despite pretenses. By 1994 Clinton decided that the population was sufficiently intimidated and sent U.S. forces to restore the elected president, but on the strict condition that he accept a harsh neoliberal regime. In particular, there must be no protection for the economy. Haitian rice farmers are efficient, but cannot compete with U.S. agribusiness that relies on huge government subsidies, thanks largely to Reagan, anointed High Priest of free trade with little regard to his record of extreme protectionism and state intervention in the economy.

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For working people, small farmers, and the poor, at home and abroad, all of this spells regular disaster. One of the reasons for the radical difference in development between Latin America and East Asia in the last half century is that Latin America did not control capital flight, which often approached the level of its crushing debt and has regularly been wielded as a weapon against the threat of democracy and social reform. In contrast, during South Korea's remarkable growth period, capital flight was not only banned, but could bring the death penalty.

Where neoliberal rules have been observed since the '70s, economic performance has generally deteriorated and social democratic programs have substantially weakened. In the United States, which partially accepted these rules, real wages for the majority have largely stagnated for 30 years, instead of tracking productivity growth as before, while work hours have increased, now well beyond those of Europe. Benefits, which always lagged, have declined further. Social indicators — general measures of the health of the society — also tracked growth until the

mid-'70s, when they began to decline, falling to the 1960 level by the end of the millennium. Economic growth found its way into few pockets, increasingly in the financial industries. Finance constituted a few percentage points of GDP in 1970, and has since risen to well over one-third, while productive industry has declined, and with it, living standards for much of the workforce. The economy has been punctuated by bubbles, financial crises, and public bailouts, currently reaching new highs. A few outstanding international economists explained and predicted these results from the start. But mythology about “efficient markets” and “rational choice” prevailed. This is no surprise: it was highly beneficial to the narrow sectors of privilege and power that provide the “principal architects of policy.”

The phrase “golden age of capitalism” might itself be challenged. The period can more accurately be called “state capitalism.” The state sector was, and remains, a primary factor in development and innovation through a variety of measures, among them research and development, procurement, subsidy, and bailouts. In the U.S. version, these policies operated mainly under a Pentagon cover as long as the cutting edge of the advanced economy was electronics-based. In recent years there has been a shift toward health-oriented state institutions as the cutting edge becomes more biology-based. The outcomes include computers, the Internet, satellites, and most of the rest of the IT revolution, but also much else: civilian aircraft, advanced machine tools, pharmaceuticals, biotechnology, and a lot more. The crucial state role in economic development should be kept in mind when we hear dire warnings about government intervention in the financial system after private management has once again driven it to crisis, this time, an unusually severe crisis, and one that harms the rich, not just the poor, so it merits special concern. It is a little odd, to say the least, to read economic historian Niall Ferguson in the New York Review of Books symposium on “The Crisis” saying that “the lesson of economic history is very clear. Economic growth . . . comes from technological innovation and gains in productivity, and these things come from the private sector, not from the state” —remarks that were probably written on a computer and sent via the Internet, which were substantially in the state sector for decades before they became available for private profit. His is hardly the clear lesson of economic history.

Large-scale state intervention in the economy is not just a phenomenon of the post-World War II era, either. On the contrary, the state has always been a central factor in economic development. Once they gained their independence, the American colonies were free to abandon the orthodox economic policies that dictated adherence to their comparative advantage in export of primary commodities while importing superior British manufacturing goods. Instead, the Hamiltonian economy imposed very high tariffs so that an industrial economy could develop: textiles, steel, and much else. The eminent economic historian Paul Bairoch describes the United States as “the mother country and bastion of modern protectionism,” with the highest tariffs in the world during its great growth period. And protectionism is only one of the many forms of state intervention. Protectionist policies continued until the mid-twentieth century, when the United States was so far

in the lead that the playing field was tilted in the proper direction—that is, to the advantage of U.S. corporations. And when necessary, it has been tilted further, notably by Reagan, who virtually doubled protectionist barriers among other measures to rescue incompetent U.S. corporate management unable to compete with Japan.

From the outset the United States was following Britain's lead. The other developed countries did likewise, while orthodox policies were rammed down the throats of the colonies, with predictable effects. It is noteworthy that the one country of the (metaphorical) South to develop, Japan, also successfully resisted colonization. Others that developed, like the United States, did so after they escaped colonial domination. Selective application of economic principles—orthodox economics forced on the colonies while violated at will by those free to do so—is a basic factor in the creation of the sharp North-South divide. Like many other economic historians, Bairoch concludes from a broad survey that “it is difficult to find another case where the facts so contradict a dominant theory” as the doctrine that free markets were the engine of growth, a harsh lesson that the developing world has learned again in recent decades. Even the poster child of neoliberalism, Chile, depends heavily on the world's largest copper producer, Codelco, nationalized by Allende.

In earlier years the cotton-based economy of the industrial revolution relied on massive ethnic cleansing and slavery, rather severe forms of state intervention in the economy. Though theoretically slavery was ended with the Civil War, it emerged again after Reconstruction in a form that was in many ways more virulent, with what amounted to criminalization of African-American life and widespread use of convict labor, which continued until World War II. The industrial revolution, from the late nineteenth century, relied heavily on this new form of slavery, a hideous story that has only recently been exposed in its shocking detail in a very important study by Wall Street Journal bureau chief Douglas Blackmon. During the post-World War II “golden age,” African Americans were able for the first time to enjoy some level of social and economic advancement, but the disgraceful post-Reconstruction history has been partially reconstituted during the neoliberal years with the rapid growth of what some criminologists call “the prison-industrial complex,” a uniquely American crime committed continuously since the 1980s and exacerbated by the dismantling of productive industry.

The American system of mass production that astonished the world in the nineteenth century was largely created in military arsenals. Solving the major nineteenth-century management problem—railroads—was beyond the capacity of private capital, so the challenge was handed over to the army. A century ago the toughest problems of electrical and mechanical engineering involved placing a huge gun on a moving platform to hit a moving target—naval gunnery. The leaders were Germany and England, and the outcomes quickly spilled over into the civilian economy.

Some economic historians compare that episode to state-run space programs today.

Reagan's "Star Wars" was sold to industry as a traditional gift from government, and was understood that way elsewhere too: that is why Europe and Japan wanted to buy in. There was a dramatic increase in the state role after World War II, particularly in the United States, where a good part of the advanced economy developed in this framework.

State-guided modes of economic development require considerable deceit in a society where the public cannot be controlled by force. People cannot be told that the advanced economy relies heavily on their risk-taking, while eventual profit is privatized, and "eventual" can be a long time, sometimes decades. After World War II Americans were told that their taxes were going to defense against monsters about to overcome us—as in the '80s, when Reagan pulled on his cowboy boots and declared a National Emergency because Nicaraguan hordes were only two days from Harlingen, Texas. Or twenty years earlier when LBJ warned that there are only 150 million of us and 3 billion of them, and if might makes right, they will sweep over us and take what we have, so we have to stop them in Vietnam.

For those concerned with the realities of the Cold War, and how it was used to control the public, one obvious moment to inspect carefully is the fall of the Berlin Wall twenty years ago and its aftermath. Celebration of the anniversary in November 2009 has already begun, with ample coverage, which will surely increase as the date approaches. The revealing implications of the policies that were instituted after the fall have, however, been ignored, as in the past, and probably will continue to be come November.

Reacting immediately to the Wall's fall, the Bush senior administration issued a new National Security Strategy and budget proposal to set the course after the collapse of Kennedy's "monolithic and ruthless conspiracy" to conquer the world and Reagan's "evil empire"—a collapse that took with it the whole framework of domestic population control. Washington's response was straightforward: everything will stay much the same, but with new pretexts. We still need a huge military system, but for a new reason: the "technological sophistication" of Third World powers.

We have to maintain the "defense industrial base," a euphemism for state-supported high-tech industry. We must also maintain intervention forces directed at the Middle East's energy-rich regions, where the threats to our interests that required military intervention "could not be laid at the Kremlin's door," contrary to decades of pretense. The charade had sometimes been acknowledged, as when Robert Komer—the architect of President Carter's Rapid Deployment Force (later Central Command), aimed primarily at the Middle East—testified before Congress in 1980 that the Force's most likely use was not resisting Soviet attack, but dealing with indigenous and regional unrest, in particular the "radical nationalism" that has always been a primary concern throughout the world.

With the Soviet Union gone, the clouds lifted, and actual policy concerns were more visible for those who chose to see. The Cold War propaganda framework made two

fundamental contributions: sustaining the dynamic state sector of the economy (of which military industry is only a small part) and protecting the interests of the “principal architects of policy” abroad.

The fate of NATO exposes the same concerns, and it is highly pertinent today. Prior to Gorbachev NATO’s announced purpose was to deter a Russian invasion of Europe. The legitimacy of that agenda was debatable right from the end of World War II. In May 1945 Churchill ordered war plans to be drawn up for Operation Unthinkable, aimed at “the elimination of Russia.” The plans—declassified ten years ago—are discussed extensively in the major scholarly study of British intelligence records, Richard Aldrich’s *The Hidden Hand*. According to Aldrich, they called for a surprise attack by hundreds of thousands of British and American troops, joined by one hundred thousand rearmed German soldiers, while the RAF would attack Soviet cities from bases in Northern Europe. Nuclear weapons were soon added to the mix.

The official stand also was not easy to take too seriously a decade later, when Khrushchev took over in Russia, and soon proposed a sharp mutual reduction in offensive weaponry. He understood very well that the much weaker Soviet economy could not sustain an arms race and still develop. When the United States dismissed the offer, he carried out the reduction unilaterally. Kennedy reacted with a substantial increase in military spending, which the Soviet military tried to match after the Cuban missile crisis dramatically revealed its relative weakness. The Soviet economy tanked, as Khrushchev had anticipated. That was a crucial factor in the later Soviet collapse.

But the defensive pretext for NATO at least had some credibility. After the Soviet disintegration, the pretext evaporated. In the final days of the USSR, Gorbachev made an astonishing concession: he permitted a unified Germany to join a hostile military alliance run by the global superpower, though Germany alone had almost destroyed Russia twice in the century. There was a quid pro quo, recently clarified. In the first careful study of the original documents, Mark Kramer, apparently seeking to refute charges of U.S. duplicity, in fact shows that it went far beyond what had been assumed. It turns out, Kramer wrote this year in *The Washington Quarterly*, that Bush senior and Secretary of State James Baker promised Gorbachev that “no NATO forces would ever be deployed on the territory of the former GDR . . . NATO’s jurisdiction or forces would not move eastward.” They also assured Gorbachev “that NATO would be transforming itself into a more political organization.” There is no need to comment on that promise. What followed tells us a lot more about the Cold War itself, and the world that emerged from its ending.

As soon as Clinton came into office, he began the expansion of NATO to the east. The process accelerated with Bush junior’s aggressive militarism. These moves posed a serious security threat to Russia, which naturally reacted by developing more advanced offensive military capacities. Obama’s National Security Advisor, James Jones, has a still-more expansive vision: he calls for extending NATO further east and south, becoming in effect a U.S.-run global intervention force, as it is today

in Afghanistan—“Afpak” as the region is now called—where Obama is sharply escalating Bush’s war, which had already intensified in 2004.

NATO Secretary-General Jaap de Hoop Scheffer informed a NATO meeting that “NATO troops have to guard pipelines that transport oil and gas that is directed for the West,” and more generally have to protect sea routes used by tankers and other “crucial infrastructure” of the energy system. These plans open a new phase of Western imperial domination—more politely called “bringing stability” and “peace.”

As recently as November 2007, the White House announced plans for a long-term military presence in Iraq and a policy of “encouraging the flow of foreign investments to Iraq, especially American investments.” The plans were withdrawn under Iraqi pressure, the continuation of a process that began when the United States was compelled by mass demonstrations to permit elections. In Afpak Obama is building enormous new embassies and other facilities, on the model of the city-within-a-city in Baghdad. These new installations in Iraq and Afpak are like no embassies in the world, just as the United States is alone in its vast military-basing system and control of the air, sea, and space for military purposes.

While Obama is signaling his intention to establish a firm and large-scale presence in the region, he is also following General Petraeus’s strategy to drive the Taliban into Pakistan, with potentially quite serious consequences for this dangerous and unstable state facing insurrections throughout its territory. These are most extreme in the tribal areas crossing the British-imposed Durand line separating Afghanistan from Pakistan, which the Pashtun tribes on both sides of the artificial border have never recognized, nor did the Afghan government when it was independent. In an April publication of the Center for International Policy, one of the leading U.S. specialists on the region, Selig Harrison, writes that the outcome of Washington’s current policies might well be “what Pakistani ambassador to Washington Husain Haqqani has called an ‘Islamic Pashtunistan.’” Haqqani’s predecessor had warned that if the Taliban and Pashtun nationalists merge, “we’ve had it, and we’re on the verge of that.”

Prospects become still more ominous as drone attacks that embitter the population are escalated with their huge civilian toll. Also troubling is the unprecedented authority just granted General Stanley McChrystal—a special forces assassin—to head the operations. Petraeus’s own counter-insurgency adviser in Iraq, David Kilcullen, describes the Obama-Petraeus-McChrystal policies as a fundamental “strategic error,” which may lead to “the collapse of the Pakistani state,” a calamity that would “dwarf” other current crises.

It is also not encouraging that Pakistan and India are now rapidly expanding their nuclear arsenals. Pakistan’s were developed with Reagan’s crucial aid, and India’s nuclear weapons programs got a major shot in the arm from the recent U.S.-India nuclear agreement, which was also a sharp blow to the Non-Proliferation Treaty. India and Pakistan have twice come close to nuclear war over Kashmir, and have

also been engaged in a proxy war in Afghanistan. These developments pose a very serious threat to world peace.

Returning home, it is worth noting that the more sophisticated are aware of the deceit that is employed as a device to control the public, and regard it as praiseworthy. The distinguished liberal statesman Dean Acheson advised that leaders must speak in a way that is “clearer than truth.” Harvard Professor of the Science of Government Samuel Huntington, who quite frankly explained the need to delude the public about the Soviet threat 30 years ago, urged more generally that power must remain invisible: “The architects of power in the United States must create a force that can be felt but not seen. Power remains strong when it remains in the dark; exposed to the sunlight it begins to evaporate.” An important lesson for those who want power to devolve to the public, a critical battle that is fought daily.

Whether the deceit about the monstrous enemy was sincere or not, if Americans a half century ago had been given the choice of directing their tax money to Pentagon programs to enable their grandchildren to have computers, iPods, the Internet, and so on, or putting it into developing a livable and sustainable socioeconomic order, they might have made the latter choice. But they had no choice. That is standard. There is a striking gap between public opinion and public policy on a host of major issues, domestic and foreign, and public opinion is often more sane, at least in my judgment. It also tends to be fairly consistent over time, despite the fact that public concerns and aspirations are marginalized or ridiculed—one very significant feature of the yawning “democratic deficit,” the failure of formal democratic institutions to function properly. That is no trivial matter. In a forthcoming book, the writer and activist Arundhati Roy asks whether the evolution of formal democracy in India and the United States—and not only there—“might turn out to be the endgame of the human race.” It is not an idle question.

It should be recalled that the American republic was founded on the principle that there should be a democratic deficit. James Madison, the main framer of the Constitutional order, held that power should be in the hands of “the wealth of the nation,” the “more capable set of men,” who have sympathy for property owners and their rights. Possibly with Shay’s Rebellion in mind, he was concerned that “the equal laws of suffrage” might shift power into the hands of those who might seek agrarian reform, an intolerable attack on property rights. He feared that “symptoms of a levelling spirit” had appeared sufficiently “in certain quarters to give warning of the future danger.” Madison sought to construct a system of government that would “protect the minority of the opulent against the majority.” That is why his constitutional framework did not have coequal branches: the legislature prevailed, and within the legislature, power was to be vested in the Senate, where the wealth of the nation would be dominant and protected from the general population, which was to be fragmented and marginalized in various ways. As historian Gordon Wood summarizes the thoughts of the founders: “The Constitution was intrinsically an aristocratic document designed to check the democratic tendencies of the period,”

delivering power to a “better sort” of people and excluding “those who were not rich, well born, or prominent from exercising political power.”

In Madison’s defense, his picture of the world was pre-capitalist: he thought that power would be held by the “enlightened Statesman” and “benevolent philosopher,” men who are “pure and noble,” a “chosen body of citizens, whose wisdom may best discern the true interests of their country and whose patriotism and love of justice would be least likely to sacrifice it to temporary or partial considerations,” guarding the public interest against the “mischiefs” of democratic majorities. Adam Smith had a clearer vision.

There has been constant struggle over this constrained version of democracy, which we call “guided democracy” in the case of enemies: Iran right now, for example. Popular struggles have won a great many rights, but concentrated power and privilege clings to the Madisonian conception in ways that vary as society changes. By World War I, business leaders and elite intellectuals recognized that the population had won so many rights that they could not be controlled by force, so it would be necessary to turn to control of attitudes and opinions. Those are the years when the huge public relations industry emerged—in the freest countries of the world, Britain and United States, where the problem was most acute. The industry was devoted to what Walter Lippmann approvingly called “a new art in the practice of democracy,” the “manufacture of consent”—the “engineering of consent” in the phrase of his contemporary Edward Bernays, one of the founders of the public relations industry. Both Lippmann and Bernays took part in Wilson’s state propaganda organization, the Committee on Public Information, created to drive a pacifist population to jingoist fanaticism and hatred of all things German. It succeeded brilliantly. The same techniques, it was hoped, would ensure that the “intelligent minorities” would rule, undisturbed by “the trampling and the roar of a bewildered herd,” the general public, “ignorant and meddlesome outsiders” whose “function” is to be “spectators,” not “participants.” This was a central theme of the highly regarded “progressive essays on democracy” by the leading public intellectual of the twentieth century (Lippmann), whose thinking captures well the perceptions of progressive intellectual opinion: President Wilson, for example, held that an elite of gentlemen with “elevated ideals” must be empowered to preserve “stability and righteousness,” essentially the Madisonian perspective. In more recent years, the gentlemen are transmuted into the “technocratic elite” and “action intellectuals” of Camelot, “Straussian” neocons, or other configurations. But throughout, one or another variant of the doctrine prevails, with its Leninist overtones.

And on a more hopeful note, popular struggle continues to clip its wings, quite impressively so in the wake of 1960s activism, which had a substantial impact on civilizing the country and raised its prospects to a considerably higher plane.

Returning to what the West sees as “the crisis”—the financial crisis—it will

presumably be patched up somehow, while leaving the institutions that created it pretty much in place. Recently the Treasury Department permitted early TARP repayments, which reduce bank capacity to lend, as was immediately pointed out, but allow the banks to pour money into the pockets of the few who matter. The mood on Wall Street was captured by two Bank of New York Mellon employees, who, as reported in *The New York Times*, “predicted their lives—and pay—would improve, even if the broader economy did not.”

The chair of the prominent law firm Sullivan & Cromwell offered the equally apt prediction that “Wall Street, after getting billions of taxpayer dollars, will emerge from the financial crisis looking much the same as before markets collapsed.” The reasons were pointed out, by, among others, Simon Johnson, former chief economist of the IMF: “Throughout the crisis, the government has taken extreme care not to upset the interests of the financial institutions, or to question the basic outlines of the system that got us here,” and the elite business interests [that] played a central role in creating the crisis, making ever-larger gambles, with the implicit backing of the government, until the inevitable collapse . . . are now using their influence to prevent precisely the sorts of reforms that are needed, and fast, to pull the economy out of its nosedive.

Meanwhile “the government seems helpless, or unwilling, to act against them.” Again no surprise, at least to those who remember their Adam Smith.

But there is a far more serious crisis, even for the rich and powerful. It is discussed by Bill McKibben, who has been warning for years about the impact of global warming, in the same issue of the *New York Review of Books* that I mentioned earlier. His recent article relies on the British *Stern* report, which is very highly regarded by leading scientists and a raft of Nobel laureates in economics. On this basis McKibben concludes, not unrealistically, “2009 may well turn out to be the decisive year in the human relationship with our home planet.” In December a conference in Copenhagen is “to sign a new global accord on global warming,” which will tell us “whether or not our political systems are up to the unprecedented challenge that climate change represents.” He thinks the signals are mixed. That may be optimistic, unless there is a really massive public campaign to overcome the insistence of the managers of the state-corporate sector on privileging short-term gain for the few over the hope that their grandchildren will have a decent future.

At least some of the barriers are beginning to crumble—in part because the business world perceives new opportunities for profit. Even *The Wall Street Journal*, one of the most stalwart deniers, recently published a supplement with dire warnings about “climate disaster,” urging that none of the options being considered may be sufficient, and it may be necessary to undertake more radical measures of geoengineering, “cooling the planet” in some manner.

As always, those who suffer most will be the poor. Bangladesh will soon have a lot more to worry about than even the terrible food crisis. As the sea level rises, much

of the country, including its most productive regions, might be under water. Current crises are almost sure to be exacerbated as the Himalayan glaciers continue to disappear, and with them the great river systems that keep South Asia alive. Right now, as glaciers melt in the mountain heights where Pakistani and Indian troops suffer and die, they expose the relics of their crazed conflict over Kashmir, “a pristine monument to human folly,” Roy comments with despair.

The picture might be much more grim than even the Stern report predicts. A group of MIT scientists have just released the results of what they describe as the most comprehensive modeling yet carried out on the likelihood of how much hotter the Earth’s climate will get in this century, [showing] that without rapid and massive action, the problem will be about twice as severe as previously estimated six years ago—and could be even worse than that.

Worse because the model does not fully incorporate other positive feedbacks that can occur, for example, if increased temperatures caused a large-scale melting of permafrost in arctic regions and subsequent release of large quantities of methane.

The leader of the project says, “There’s no way the world can or should take these risks,” and that “the least-cost option to lower the risk is to start now and steadily transform the global energy system over the coming decades to low or zero greenhouse gas-emitting technologies.” There is far too little sign of that.

While new technologies are essential, the problems go well beyond. We have to face up to the need to reverse the huge state-corporate social engineering projects of the post-World War II period, which quite purposefully promoted an energy-wasting and environmentally destructive fossil fuel-based economy. The state-corporate programs, which included massive projects of suburbanization along with destruction and then gentrification of inner cities, began with a conspiracy by General Motors, Firestone, and Standard Oil of California to buy up and destroy efficient electric public transportation systems in Los Angeles and dozens of other cities; they were convicted of criminal conspiracy and given a slap on the wrist. The federal government then took over, relocating infrastructure and capital stock to suburban areas and creating the massive interstate highway system, under the usual pretext of “defense.” Railroads were displaced by government-financed motor and air transport.

The programs were understood as a means to prevent a depression after the Korean War. One of their Congressional architects described them as “a nice solid floor across the whole economy in times of recession.” The public played almost no role, apart from choice within the narrowly structured framework of options designed by state-corporate managers. One result is atomization of society and entrapment of isolated individuals with self-destructive ambitions and crushing debt. These efforts to “fabricate consumers” (to borrow Veblen’s term) and to direct people “to the superficial things of life, like fashionable consumption” (in the words of the business press), emerged from the recognition a century ago of the need to curtail democratic achievements and to ensure that the “opulent minority” are protected from the

“ignorant and meddling outsiders.”

While state-corporate power was vigorously promoting privatization of life and maximal waste of energy, it was also undermining the efficient choices that the market does not provide—another destructive built-in market inefficiency. To put it simply, if I want to get home from work, the market offers me a choice between a Ford and a Toyota, but not between a car and a subway. That is a social decision, and in a democratic society, would be the decision of an organized public. But that is just what the dedicated elite attack on democracy seeks to undermine.

The consequences are right before our eyes in ways that are sometimes surreal. In May The Wall Street Journal reported:

U.S. transportation chief [Ray LaHood] is in Spain meeting with high-speed rail suppliers. . . . Europe’s engineering and rail companies are lining up for some potentially lucrative U.S. contracts for high-speed rail projects. At stake is \$13 billion in stimulus funds that the Obama administration is allocating to upgrade existing rail lines and build new ones that could one day rival Europe’s fastest. . . . [LaHood is also] expected to visit Spanish construction, civil engineering and train-building companies.

Spain and other European countries are hoping to get U.S. taxpayer funding for the high-speed rail and related infrastructure that is badly needed in the United States. At the same time, Washington is busy dismantling leading sectors of U.S. industry, ruining the lives of the workforce and communities. It is difficult to conjure up a more damning indictment of the economic system that has been constructed by state-corporate managers. Surely the auto industry could be reconstructed to produce what the country needs, using its highly skilled workforce—and what the world needs, and soon, if we are to have some hope of averting major catastrophe. It has been done before, after all. During World War II the semi-command economy not only ended the Depression but initiated the most spectacular period of growth in economic history, virtually quadrupling industrial production in four years as the economy was retooled for war, and also laying the basis for the “golden age” that followed.

Warnings about the purposeful destruction of U.S. productive capacity have been familiar for decades and perhaps sounded most prominently by the late Seymour Melman. Melman also pointed to a sensible way to reverse the process. The state-corporate leadership has other commitments, but there is no reason for passivity on the part of the “stakeholders”—workers and communities. With enough popular support, they could take over the plants and carry out the task of reconstruction themselves. That is not a particularly radical proposal. One standard text on corporations, *The Myth of the Global Corporation*, points out, “nowhere is it written in stone that the short-term interests of corporate shareholders in the United States deserve a higher priority than all other corporate ‘stakeholders.’”

It is also important to remind ourselves that the notion of workers’ control is as

American as apple pie. In the early days of the industrial revolution in New England, working people took it for granted that “those who work in the mills should own them.” They also regarded wage labor as different from slavery only in that it was temporary; Abraham Lincoln held the same view.

And the leading twentieth-century social philosopher, John Dewey, basically agreed. Much like nineteenth-century working people, he called for elimination of “business for private profit through private control of banking, land, industry, reinforced by command of the press, press agents and other means of publicity and propaganda.” Industry must be changed “from a feudalistic to a democratic social order” based on workers’ control, free association, and federal organization, in the general style of a range of thought that includes, along with many anarchists, G.D.H. Cole’s guild socialism and such left Marxists as Anton Pannekoek, Rosa Luxemburg, Paul Mattick, and others. Unless those goals are attained, Dewey held, politics will remain “the shadow cast on society by big business, [and] the attenuation of the shadow will not change the substance.” He argued that without industrial democracy, political democratic forms will lack real content, and people will work “not freely and intelligently,” but for pay, a condition that is “illiberal and immoral”—ideals that go back to the Enlightenment and classical liberalism before they were wrecked on the shoals of capitalism, as the anarchosyndicalist thinker Rudolf Rocker put it 70 years ago.

There have been immense efforts to drive these thoughts out of people’s heads—to win what the business world called “the everlasting battle for the minds of men.” On the surface, corporate interests may appear to have succeeded, but one need not dig too deeply to find latent resistance that can be revived. There have been some important efforts. One was undertaken 30 years ago in Youngstown Ohio, where U.S. Steel was about to shut down a major facility at the heart of this steel town. First came substantial protests by the workforce and community, then an effort led by Staughton Lynd to convince the courts that stakeholders should have the highest priority. The effort failed that time, but with enough popular support it could succeed.

It is a propitious time to revive such efforts, though it would be necessary to overcome the effects of the concerted campaign to drive our own history and culture out of our minds. A dramatic illustration of the challenge arose in early February 2009, when President Obama decided to show his solidarity with working people by giving a talk at a factory in Illinois. He chose a Caterpillar plant, over objections of church, peace, and human rights groups that were protesting Caterpillar’s role in providing Israel with the means to devastate the territories it occupies and to destroy the lives of the population. A Caterpillar bulldozer had also been used to kill American volunteer Rachel Corrie, who tried to block the destruction of a home. Apparently forgotten, however, was something else. In the 1980s, following Reagan’s lead with the dismantling of the air traffic controllers union, Caterpillar managers decided to rescind their labor contract with the United Auto Workers and seriously harm the union by bringing in scabs to break a strike for the first time in

generations. The practice was illegal in other industrial countries apart from South Africa at the time; now the United States is in splendid isolation, as far as I know.

Whether Obama purposely chose a corporation that led the way to undermine labor rights I don't know. More likely, he and his handlers were unaware of the facts.

But at the time of Caterpillar's innovation in labor relations, Obama was a civil rights lawyer in Chicago. He certainly read the Chicago Tribune, which published a careful study of these events. The Tribune reported that the union was "stunned" to find that unemployed workers crossed the picket line with no remorse, while Caterpillar workers found little "moral support" in their community, one of the many where the union had "lifted the standard of living." Wiping out those memories is another victory for the highly class-conscious American business sector in its relentless campaign to destroy workers' rights and democracy.

The union leadership had refused to understand. It was only in 1978 that UAW President Doug Fraser recognized what was happening and criticized the "leaders of the business community" for having "chosen to wage a one-sided class war in this country—a war against working people, the unemployed, the poor, the minorities, the very young and the very old, and even many in the middle class of our society," and for having "broken and discarded the fragile, unwritten compact previously existing during a period of growth and progress." Placing one's faith in a compact with owners and managers is suicidal. The UAW is discovering that again today, as the state-corporate leadership proceeds to eliminate the hard-fought gains of working people while dismantling the productive core of the American economy.

Investors are now wailing that the unions are being granted "workers' control" in the restructuring of the auto industry, but they surely know better. The government task force ensured that the workforce will have no shareholder voting rights and will lose benefits and wages, eliminating what was the gold standard for blue-collar workers.

This is only a fragment of what is underway. It highlights the importance of short- and long-term strategies to build—in part resurrect—the foundations of a functioning democratic society. An immediate goal is to pressure Congress to permit organizing rights, the Employee Free Choice Act that was promised but seems to be languishing. One short-term goal is to support the revival of a strong and independent labor movement, which in its heyday was a critical base for advancing democracy and human and civil rights, a primary reason why it has been subject to such unremitting attack in policy and propaganda. A longer-term goal is to win the educational and cultural battle that has been waged with such bitterness in the "one-sided class war" that the UAW president perceived far too late. That means tearing down an enormous edifice of delusions about markets, free trade, and democracy that has been assiduously constructed over many years and to overcome the marginalization and atomization of the public so that they can become "participants," not mere "spectators of action," as progressive democratic theoreticians have prescribed.

Of all of the crises that afflict us, the growing democratic deficit may be the most severe. Unless it is reversed, Roy's forecast may prove accurate. The conversion of democracy to a performance with the public as mere spectators—hardly a distant possibility—might have truly dire consequences.

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