

WSWS International Editorial Board Meeting

Report on US: The Bush administration and the global decline of American capitalism

Part Two

By Barry Grey
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Published below is the conclusion of a two-part report by Barry Grey to an expanded meeting of the World Socialist Web Site International Editorial Board (IEB) held in Sydney from January 22 to 27, 2006. Part one was posted on March 4. Grey is a member of the WSWS IEB and the Socialist Equality Party (US) central committee. WSWS IEB chairman David North's report was posted on 27 February. SEP (Australia) national secretary Nick Beams' report was posted in three parts: Part one on February 28, Part two on March 1 and Part three on March 2. James Cogan's report on Iraq was posted on March 3.

Alongside industrial decline, economic parasitism and the growth of social inequality, another palpable expression of the crisis of American capitalism is the decay of the United States' basic infrastructure. Here we are speaking not only of a social regression—in education, literacy, health care, cultural, intellectual and artistic life—but a physical decline in the nation's bridges, roads, levees, electrical grid, waterways, etc.

Among the many things Hurricane Katrina revealed, one of the most important was the shocking misallocation and squandering of resources that left New Orleans—a city of 500,000 people with a unique place in the cultural life of the United States, and also a major port—utterly defenseless in the face of a major storm. Not only was there no plan to evacuate hundreds of thousands of residents, mostly poor and working class, who lived in the most low-lying neighborhoods, the levee system for this below-sea-level city was not even designed to withstand a hurricane stronger than category three.

This despite the fact that recent years have seen a sharp increase in both the incidence and strength of hurricanes in the US, and experts had been warning for years that New Orleans was heading for a catastrophe. The neglect of the levees was just one example of the impact on the country's physical infrastructure of a quarter century of deregulation, tax cuts for the rich, and reductions in government outlays for public services, i.e., the financial aristocracy's ruthless drive to appropriate an ever greater share of the social wealth for its own enrichment.

I happened to catch part of a US Senate hearing on the Katrina disaster that was broadcast on one of the cable news channels. Senators were questioning a panel of officials who were responsible for maintaining the levees around New Orleans. One of the senators asked whether physical inspections of the levees are carried out. The answer from the panel was "No."

In the event, Katrina, a high-end category three or low-end category four storm, overwhelmed the levees around New Orleans and hundreds of thousands of people in the Gulf region were left to fend for themselves. Some 1,300 died, according to official estimates, and more than 700,000

were forced to evacuate and scatter around the country in search of shelter and food, their homes and livelihoods destroyed.

As David North noted in his opening remarks to this meeting, one symptom of capitalist decline is the universal assault on democratic rights and the movement toward dictatorial forms of rule. In January 2001, shortly after the theft of the 2000 US presidential election, I gave a lecture to a school here in Sydney reviewing historically the link between the rise of the US as an industrial power and the general expansion of democratic rights in America that accompanied its rising economic trajectory.

It is really not surprising that an ascendant capitalist power should feel sufficiently confident and secure to allow an expansion, within definite limits, of democratic political and legal norms. A society, however, that is in decline, whose ruling elite feels itself besieged on all sides, both externally and internally, will on the other hand be inclined to restrict democratic rights.

In my earlier talk, I noted that the general expansion of democratic rights in the early and mid-twentieth century—popular election of US senators, the extension of the franchise to women, the Voting Rights Act of 1965 ending the de facto disenfranchisement of African-Americans in the South, the lowering of the voting age—came to an abrupt end in the aftermath of Nixon's August 15, 1971 economic measures. The only significant exception, the Supreme Court ruling in 1973 legalizing abortion, was really, as can now be clearly seen, the last gasp of the process of expanding legal democracy, rather than the beginning of a new period of liberal reform.

With the Bush administration, the assault on democratic rights has assumed a ferocity and all-embracing character without precedent in American history.

Political and legal norms are being brought into line with the oligarchic social structure of the United States. And the more the political system becomes divorced from the people, the more the popular base of support of the two capitalist parties narrows, the more overt and foul the corruption and criminality of official politics. American politics were never exactly virginal. But the American political establishment of today is rotting on its feet. The phrase "stench of corruption" may be something of a cliché, but in this case it is an apt one.

The Jack Abramoff bribery and influence-peddling scandal, involving a right-wing Republican lobbyist and crony of leading White House figures such as Bush political adviser and Deputy White House Chief of Staff Karl Rove, is only the tip of the garbage heap. Corporate lobbyists brazenly buy votes and bribe congressmen. They frequently draft the legislation that is subsequently enacted into law.

Multi-millionaires buy their way into office at all levels of government. Others rely on the kindness of corporate sponsors. The mayoral post of a major American city costs tens of millions of dollars; the purchase of a statehouse often requires additional millions; and the presidency these days involves an outlay of hundreds of millions in campaign cash.

Between high-level political office, top positions in the military apparatus and lucrative sinecures in the corporate world there is a revolving door that spins with well-oiled regularity and speed.

The process is mirrored in the qualities of those who occupy leading positions in both the public and private sectors. Not so long ago Enron's Kenneth Lay was the epitome of genius in the US corporate world. More recently mediocrities like former General Electric CEO Jack Welch have assumed that mantle.

The decline in the intellectual level of the leading personnel of American capitalism finds a fitting expression in the figure of the current commander in chief. Allow me to quote from my lecture of January 2001:

"The incoming Bush administration exemplifies in a rather perfected form the crisis of bourgeois rule in the United States. Bush himself is a political and intellectual cipher who subsumes within his own persona the traits of the social layer that owes economic success and social prominence to the speculative boom of the past two decades—a boom that has been based on a ruthless assault on the working class and a staggering growth in corruption and parasitism. Ignorant, short-sighted and grasping, this layer has reinforced those sections of the corporate and financial elite that demand the elimination of all restrictions on the accumulation of private wealth and the realization of profit."

This characterization, I would submit, has been entirely substantiated by the events of the past five years.

At least a few words must be said about the state of another institution of American capitalism, the media. Here again, it is not a matter of painting an idealized picture of some golden age of the US media. One is speaking of an institution that was always, in the final analysis, an instrument of the American ruling class.

Nevertheless, the manner in which the American media, so-called liberal as well as conservative, has embraced US imperialism and militarism, promoting the lies of the Bush administration and covering up its multiple crimes, is a stark expression of the collapse of American democracy. Cowardly, dishonest and corrupt, the media—owned and controlled by huge corporations—has all but abandoned any pretense of providing objective information or an independent approach to the claims of the government and the corporate elite.

It systematically excludes dissident views of a left-wing, let alone genuinely Marxist, character, and willfully ignores the oppositional sentiments of the majority of the American people.

The media and the so-called entertainment industry, with few exceptions, promote backward conceptions and encourage an ethos of brutality, egotism and violence. One of the most telling symptoms of the decline of American capitalism is the fact that its official institutions, from the White House on down, increasingly glorify the most reactionary and intolerant forms of religious superstition and seek to discredit scientific thought. The Bush administration's attack on evolution, stem cell research and the findings of environmental science testify to a social order in crisis and decline.

To return to the question of the changes in the composition of the American ruling elite, this is an important question that requires serious analysis. A systematic examination of this issue is beyond the scope of this report. However, I think some insight can be gleaned from a look at *Forbes* magazine's most recent list of the 400 richest Americans.

Restricting our consideration to the top fifty billionaires on the list, the first thing that strikes one is who is missing. There are no Fords, Rockefellers, DuPonts. No scions of the "captains of industry" who occupied such a prominent place in the Sixty Families that bestrode

America's industrial and financial empire during much of the last century.

Topping the list, at \$51 billion, is Microsoft's William Gates. Then comes Warren Buffett, with \$40 billion. The source of his wealth is listed as Berkshire Hathaway, an investment firm. The next three positions are occupied by the heads of computer and computer-related firms. Then come five members of the Walton family, whose fortunes are based on the retail giant Wal-Mart—now the largest corporation in the world.

Outside of computers, the other industrial sector prominently represented in the top 50 list is oil and energy. Fully six of the top 50 have listed as the source of their wealth activities of an entirely speculative character: Kirk Kerkorian (\$10 billion from investments and casinos), Carl Icahn (\$8.5 billion from leveraged buyouts), Philip Anschutz (\$7.2 billion from investments), George Soros (\$7.2 billion from hedge funds), Ronald Perelman (\$6 billion from leveraged buyouts) and Eli Broad (\$5.5 billion from investments).

This gives some indication of the underlying decay of American capitalism. And this decline—concretely expressed in massive budget, balance of trade, and balance of payments deficits—has very real consequences for the US on the international arena. The decline in the global economic position of American capitalism has prompted the intensified turn by the ruling elite to militarism and war. Wall Street and Washington seek to use their military supremacy to offset their economic decline.

But the weakening of its economic foundation creates real and growing problems for US imperialism. One recent event that highlighted these problems was Bush's November trip to Asia. At every stop on his tour, Bush was dogged by the consequences, both within the US and internationally, of the disastrous US military intervention in Iraq.

What was intended to demonstrate the leading role of Washington in mobilizing its regional allies, particularly Japan and South Korea, against North Korea and, more crucially, China, turned into something of a diplomatic debacle. Bush was unable to achieve any of the major short-term US goals of the trip—both in relation to Washington's key partners, Japan and South Korea, and its looming rival in the region, China. Even worse, it was Bush who appeared isolated and weak, while President Hu Jintao flaunted the growing economic power and political influence of China.

In an editorial entitled "The Rise and Decline of Pacific Nations," the *Financial Times* of London commented: "President George Bush's tour of Asia brings with it a palpable sense of declining US influence in the region." And the *New York Times* noted ruefully in its editorial on the trip: "Beijing's leaders are in no mood to listen to lectures from an American government that depends on Chinese surpluses and savings to finance its supersized deficits."

It would be a serious error, of course, to view Bush's embarrassment in Asia in a one-sided way. To a certain extent, the US administration is caught on the horns of a dilemma: American big business wants and needs normalized relations with China, in order to gain access to the country's vast pool of cheap labor and potentially huge market for US goods. It cannot allow itself to be elbowed aside by its rivals in Europe and Japan. No doubt Bush was instructed to hold in check in his public diplomacy with the Chinese leadership his instinct to bully and threaten, which left him seemingly at a loss.

But US imperialism has no intention of peacefully accepting the emergence of China as a serious contender for influence in Asia and beyond. The subtext of Bush's trip was the development of military agreements with countries in the region, including his final stop of Mongolia, in order to effectively ring China with US military clients, allies and installations.

Finally, I would like to cite, at some length, an extraordinary article that appeared in the inaugural issue (autumn 2005) of a new American foreign policy journal called *The American Interest*. This publication is being put

out by well known figures in the US foreign policy establishment, including right-wingers such as Francis Fukuyama, who are critical of the decision to invade Iraq and even more critical of the Bush administration's conduct of the war, and find themselves at odds with the neo-conservative ideologues who largely authored the war policy.

The most significant article is by Zbigniew Brzezinski. Entitled "The Dilemma of the Last Sovereign," it provides an insight into the thinking of the more perspicacious partisans and strategists of US imperialist interests. Brzezinski sets out an acid and devastating critique of the Bush administration's entire foreign policy, and the so-called "global war on terror" that serves as its mantra.

Speaking with remarkable bluntness for a man in his position, he writes: "... the emphasis on the 'global war on terror' has been symbolically central, fostering patriotic mobilization and legitimizing actions that otherwise could be viewed as extra-legal or even outright illegal. To the framers of the new strategy, 9/11 legitimized the *de facto* suspension of *habeas corpus* even for US citizens, 'stress interrogation' (a.k.a. torture) of detainees, and unilateral military action—just as Pearl Harbor eventually legitimized Hiroshima in the public mind."

On the results of this policy, he writes that "a self-confident America was being transformed into a fear-driven nation," and continues:

"Even more potentially dangerous to America's long-term interests has been the surfacing global trend toward regional coalitions with a thinly veiled anti-American orientation. Distancing oneself from the US government and all things American has become politically popular in Asia, Europe and Latin America. That mood is facilitating China's efforts to quietly exclude the United States from its region by exploiting a rising pan-Asian identity in East and Southeast Asia; it gives a much less Atlanticist favor to the continuing European effort to shape a more politically-minded European Union; and it encourages a cluster of new, democratically-elected but rather leftist Latin American presidents to cultivate closer relations with Europe and China. The emergence of strong pan-European and pan-Asian communities, rather than Transatlantic and Transpacific ones, would intensify America's global isolation."

Summing up, he writes: "In brief, America's post-9/11 foreign policy is too short range in its focus, overly alarmist in its rhetoric, and has been too costly in its still early consequences. Its overall effect has been to increase America's national vulnerability while undermining the legitimacy of its international primacy."

Even more significant that this damning critique and dire assessment, for US imperialism, of the trajectory of world developments, is Brzezinski's central thesis: that the most significant factor in world politics is what he calls the "global political awakening."

He writes: "America needs to face squarely a centrally important new global reality: that the world's population is experiencing a political awakening unprecedented in scope and intensity, with the result that the politics of populism are transforming the politics of power."

He elaborates: "It is no overstatement to assert that now in the 21st century the population of much of the developing world is politically stirring and in many places seething with unrest. It is a population acutely conscious of social injustice to an unprecedented degree, and often resentful of its perceived lack of political dignity.... These energies transcend sovereign borders and pose a challenge both to existing states as well as to the existing global hierarchy, on top of which American still perches ..."

"To sum up, the ongoing political awakening is now global in its geographic scope, with no continent or even region still largely politically passive; it is comprehensive in its social scale, with only very remote peasant communities still immune to political stimuli; it is strikingly youthful in its demographic profile and thus most receptive to rapid political mobilization; and much of its inspiration is transnational in origin because of the cumulative impact of literacy and mass

communications."

In somewhat Aesopian language, this longtime councilor for US imperialism is talking about nothing other than world revolution, which he sees as the real danger facing the American ruling class, rather than the efforts of a relative handful of Islamist terrorists. Lest there be any doubt as to his meaning, he places the "global political awakening" within the historical context of the French Revolution, the revolutions of 1848, the Bolshevik Revolution, and the mass anti-colonial struggles that followed the Second World War.

He underlines the point, writing: "The policy diagnosis that follows accepts the proposition of historical discontinuity from 9/11 but argues that the central challenge of our time is posed not by global terrorism, but rather by the intensifying turbulence caused by the phenomenon of global political awakening. That awakening is socially massive and politically radicalizing."

The hardened reactionary Brzezinski has put his finger on the most decisive fact of world politics: the emergence of a new period of anti-imperialist and anti-capitalist revolutionary struggle, one that assumes a more thoroughly international character than anything that preceded it.

Our task is to consciously prepare this mass, historically driven movement, and create the political means through which it can achieve consciousness of its tasks and carry them out. The central instrument for this struggle remains the *World Socialist Web Site*, which we must develop as the means for educating the new generations entering into struggle and forging among their most advanced layers a Marxist leadership.

The upcoming mid-term elections in the US will provide the Socialist Equality Party with an opportunity to intervene in a broad manner in what is undoubtedly the greatest political crisis in modern US history. We intend to stress the fundamental truth of the historical failure of capitalism—not only in the US, but as a world system—and place at the forefront of our campaign, as the essential programmatic issue, the fight for the international unification of the working class in the struggle for socialism.

Concluded

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