

# Challenging Corporate Power, Asserting the People's Rights

## Session VII — Economic Development and Militarism

"I spent 33 years and 4 months in active service as a member of our country's most agile military force — the Marine Corps.... And during that period I spent most of my time being a high-class muscle man for Big Business, for Wall Street, and for the bankers. In short, I was a racketeer for capitalism.... I helped make Mexico, especially Tampico, safe for American oil interests in 1914. I helped make Haiti and Cuba a decent place for the National City Bank boys to collect revenues in. I helped in the raping of half a dozen Central American republics for the benefits of Wall Street... I helped purify Nicaragua for the international banking house of Brown Brothers in 1909-1912. I brought light to the Dominican Republic for American sugar interests in 1916. In China I helped to see to it that Standard Oil went its way unmolested... Looking back on it, I feel I might have given Al Capone a few hints. The best he could do was to operate his racket in three city districts. We Marines operated on three continents."

— Smedley Butler, a decorated Marine general, writing in 1935

There is a story that during Bill Clinton's 1992 presidential campaign an aide posted a sign on the wall to remind everyone of the most crucial campaign issue: "It's the economy, stupid." Indeed, judging by its coverage in the corporate press, a healthy economy seems essential to people's livelihoods and our country's success, and worries abound when the economy is growing too fast or not fast enough. The latest governmental reports on prices, sales, new housing starts, production of durable goods, and many other indicators receive prime time coverage and serious analysis, and no news report is complete without the latest on the Dow Jones and NASDAQ averages.

This obsession with the economy is such a normal part of our day-to-day lives that we seldom stop to question it. What fuels this expectation that our economy must continually grow? What underlying values does economic development rest upon? What are the consequences of these beliefs and our economic system?

"Democracy," a word with which we have strong, positive, emotional ties, is often conflated with "capitalism," and this is no accident. We are told that democracy triumphed over communism in the Cold War and that the West is bringing democracy to the long-suffering people of the formerly socialist countries. This ensures the acquiescence of a majority of people in the US while global corporations and complicit governments force their way to economic and political control around the world.

As Smedley Butler noted during his career nearly a century ago, it is a system that has long gone hand-in-hand with violence. The readings in this session examine this phenomenon, and are also linked to the following session on global corporatization. For 500 years economic expansionism and militarism have been inextricably linked in the brutal colonization of every continent. In the past, invading armies from another country were required to accomplish this colonization. Now universal domination is achieved through the imperative of economic development and modernization, with primary enforcement provided by each country's own military and police force.

### Readings:

- 1 – Excerpts from *Radical Democracy* by C. Douglas Lummis (2 pages)
- 2 – "The Truth Behind US Foreign Policy," by Henry Rosemont, Jr. (4 pages)

3 – “The Reagan Legacy,” chapter from *The Spoils of War*, by John Tirman (3 pages)

4 – “Seeing the System: Alan Greenspan, Unemployment, and the Validation of Radical Analysis,” by Tim Wise (4 pages)

### **Discussion Questions:**

1. Explore C. Douglas Lummis’s observations about the undemocratic nature of economic development.
2. How do corporate interests influence both our military actions abroad and our military production within the US? What attitudes and beliefs exist among members of the group about the need for a militarized national defense?
3. How do policy decisions about interest rates, unemployment rates, and what kinds of production to stimulate impact our economy and our day-to-day lives? Who benefits and who is harmed by these decisions?
4. Does shifting our thinking about economic development and militarism open new possibilities for the future? What social structures (e.g., class, race, culture, gender, religion) impact us and how do they colonize our minds?

### **Supplementary Materials:**

- *Radical Democracy*, by C. Douglas Lummis. Cornell University, 1996.
- *Spoils of War: The Human Cost of America’s Arms Trade*, by John Tirman. The Free Press, 1997.
- *Resist Illegitimate Authority*, the newsletter of RESIST, Inc., 259 Elm Street, Suite 201, Somerville, MA 02144, 617.623.5110. [www.resistinc.org/newsletter/Index.html](http://www.resistinc.org/newsletter/Index.html)

**Excerpts from C. Douglas Lummis, *Radical Democracy* (Cornell University Press, 1996)**

Condensation by James Allison (2006)

Chapter 2, Antidemocratic Development

Economic development is antidemocratic, contrary to textbook history and superficial appearance. This is because “economic development” does not refer to the collective ways in which humans have maintained their livelihood historically, but a specific way that originated in Europe.

“The economy” is a way of organizing us to work efficiently. Specifically, it organizes us to do unnatural work under unnatural conditions for unnaturally long hours. In addition, it extracts much of the wealth so produced and sends it elsewhere. Although it pretends otherwise, it is political in the most fundamental sense: It organizes power, distributes goods and rules people. Many claim that all of this is inevitable, but it is not inevitable except in the context of a particular ideology.

Economic development is undemocratic in several ways. It imposes conditions of work that free humans would never choose for themselves. This is true in both communist and capitalist societies in terms of both work conditions and the transfer of wealth. It promotes social inequality. Consider, for example, the ethos of “getting ahead,” an ethos that now infuses even the old socialist states. It too generates inequality in wealth and power.

The labor movement provides a good example of the influence of the economic development model. Originally, the labor movement struggled for power and democratization of the work place. Now it now struggles for higher wages, a goal that would bring still more inequality in terms of consumption and “getting ahead.”

What would happen if we were freed from these unnatural constraints? We would return to the natural form. We would decide what we need and want in a world with no rich-poor relationship, and no danger of military or economic invasion--a world where the dominant culture is a local one. “Prosperity” might come to mean something very different from what it now means. In that event, we would have the reverse of the Marxian order of things: Politics would be substructure, economics superstructure. Thus, economics would derive from politics, and would therefore be a problem to be solved politically, not economically.

Chapter 4, Democracy’s Flawed Tradition

**The Two Bodies of the Modern Industrial Republic**

The Roman Senate wielded economic power by two means: the personal wealth of its members, and its control of public property and public works. This power was similar to that of the consuls in Rome’s military phase. In that phase, citizens on campaign duty would be subject to consular authorities, and therefore subject to consular reprisals for any prior opposition to consular projects. “Watch it, Citizen: I’ll see you later in the field, when I’m commander and you’re a lowly soldier.”

The ruling function of the military is on the decline in our time. However, the economy has taken on many characteristics of a ruling military. Note that the corporate bureaucracy has both a hierarchy of command and a strict system of accountability. And in the corporate bureaucracy white collar and blue collar tracks are analogous to officers and enlisted soldiers, the patricians and plebeians of Rome.

Today [1996] Japan is the most successful industrial republic. Lummis attributes this success to Japan’s having transfused its military spirit into its economy. In the aftermath of WW2 the Japanese economy, unlike ours, has not had to share military authority with an

actual military force. The Japanese no longer sing their inspirational songs on military duty, but only at work. And economic power is now the main weapon the big powers use to maintain control over former colonies. The corporate economy maintains discipline by means of raises and promotions, suspensions, firings, and the threat of exile to the permanently unemployed underclass. And the corporate body is never disbanded, unlike the military.

Workers spend most of their waking hours under corporate rule. That is why they have little time for the sustained political activity that any true democracy requires. In the U.S., college students, with their relatively large amount of unmanaged time, have been most active; in Japan, housewives. However, democratic politics cannot be sustained as a leisure activity. That is why the democratic project will not be complete until work itself has been democratized.

# The Truth Behind US Foreign Policy

## *Violence For Power and Profit*

HENRY ROSEMONT, JR.

When looked at only superficially, US foreign policy since the end of the Cold War has seemed directionless at best, inconsistent at the worst. Why do we celebrate the Chinese government one moment, berate it the next? Why did we intervene in Somalia, but not Rwanda? Why Panama but not Colombia, Iraq but not Iran, Kosovo but not Kurdistan? A closer examination of those policies, however, going back to the end of World War II and even before, reveals a very definite and consistent pattern, but one that is painful for American citizens to reflect upon deeply because of the brutalities committed in our names.

The US has intervened well over 100 times in the internal affairs of other nation states since 1945. The rhetoric has been that we have done so largely to preserve or restore freedom and democracy, or for purely humanitarian reasons. The reality has been that our policies have not done so, but on the contrary, have been consistently designed and implemented to further the interests of US (now largely transnational) corporations, and the elites both at home and abroad who profit from corporate depredations. These policies — often illegal, always unjust — have been enormously successful, so long as we ignore the incalculable suffering endured by tens of millions of innocent peoples the world over as the price paid for “success.”

### **Results of Intervention**

Lest this claim be dismissed at the outset as too strong, attempt the following: from among our 100-plus interventions, try to find one in which the great majority of the people in the affected states were not far worse off after than before the intervention. Where have freedom and democracy been strengthened rather than stifled?

Where have the “humanitarian” efforts been successful?

Certainly not in those countries where we saw to the overthrow of democratically elected governments — e.g., Iran, 1953; Guatemala, 1954; Chile, 1973 — and installed reactionary royalty and murderous military in their stead: the Shah, right-wing generals, and Augusto Pinochet. And surely no sane person would maintain that even in those countries whose governments we sought to replace which were not democratically elected were their peoples in any way better off for our efforts, including such as Vietnam, Cambodia, Cuba, Iraq, etc.

These examples are only among the more well-known cases of US actions contributing directly to unspeakable horrors being visited on millions of innocent people, most of them poor. However, in order to comprehend the full extent of US responsibility for human suffering through its foreign policies, it is necessary to see that intervention can take many forms.

### **Forms of US Intervention**

For example, the US government did not directly attempt to destabilize the Indonesian government of President Sukarno in 1965 (although we did try seven years earlier). But we made it clear to General Suharto and his fellow thugs how much we appreciated their hard-line stance against the Indonesian Communist Party (PKI), which was legally contesting elections. And after Suharto’s thugs overthrew Sukarno themselves, the US supplied them not only with much weaponry, but also the names of suspected PKI members compiled by our intelligence sources, which insured that the bloodbath which ensued after the coup would destroy the PKI and other progressive organizations once and for all. By even the most conservative estimates, Suharto’s regime slaughtered more than 500,000 people (mostly ethnic

Chinese).

This, too, is intervention. And we did it again in Indonesia a decade later, when we let Suharto know that we had no objection to his invading East Timor after the Portuguese withdrew from their former colony. The invasion probably couldn’t have wrought the havoc it did on the Timorese people without, again, the weaponry (and training in how to use it) supplied to the Indonesian army by the US.

Indonesia is by no means a solitary case of this more covert type of intervention; we have engaged in it everywhere from Italy and Greece to Afghanistan to the Congo (opposing Lumumba) and Angola (supporting Savimbi). Covert intervention has been the norm in our dealings with Latin American countries since World War II (before then we simply invaded them when we didn’t approve of their governments).

Moreover, this second type of intervention is ongoing: the Colombian government is murdering its citizens by the thousands with US support, which we also supply to the Turks in their “ethnic cleansing” campaigns against the Kurds. The effect in both cases is profound, especially the latter, in which 80% of Turkey’s armaments have “Made in the USA” stamped on them. These weapons have been used to destroy more than 3,500 Kurd villages and displace at least 2.5 million people since 1991 — roughly seven times the numbers estimated for Kosovo.

### **Direct and Indirect Killing**

It is important for activists to appreciate the difference between the invasive and the covert forms of intervention. In order to aid the Kosovars being slaughtered by the murderous Serb regime, we must ourselves directly engage in slaughter. On the other hand, to aid the Kurds being massacred by the murderous Turk regime we must work to have

our government stop aiding and abetting the even greater slaughter (which is very different from advocating “neo-isolationism”).

A third pattern of US foreign policy which may legitimately be considered interventionist is the systematic attempt to isolate “rogue states” when other efforts are unsuccessful, inconvenient or potentially embarrassing. After more direct actions in Cuba failed to topple the Castro government (the Bay of Pigs invasion, CIA/Mafia attempts to assassinate him, etc.), the economic sanctions were strengthened and enforced with a vengeance, continuing to this day.

In Vietnam, not only did we renege on Kissinger’s promise to help rebuild the country after the war, we placed enormous diplomatic and economic pressures on all countries outside the Soviet bloc not to do so either. We continue to isolate Iraq (coupled with occasional bombings of the country in the “no-fly” zones). The manifold miseries accompanying these sanctions obviously fall disproportionately on the civilian peoples in the affected countries, especially the poor, the children, the sick, and the elderly. What is humanitarian about such policies? How do they promote freedom and democracy?

### **Betting on the Wrong Sides**

Against this indictment, apologists for the foreign policy establishment will allow that some mistakes were made, of course, but that our motives were pure. “We meant well,” they insist, “but simply supported the wrong side at times.” Such apologies appeal to us as a way to assuage our consciences, because the alternative suggests that we should feel a profound sense of shame for the atrocities committed in our name.

But it is anger and not shame that is called for. The record shows fairly clearly that we have *always* supported the “wrong side,” and worse, much evidence was available at the time of intervention to suggest support for the other side — which simultaneously shows the extent to which apologies

## **With the collapse of the Soviet Union, and a weak UN, the only possible check on US brutality lies with its own citizenry.**

for US foreign policies necessitated a great suppression of information, even greater distortion of the “facts,” and much outright lying to the American peoples.

For example, the liberation of the “Pentagon Papers” by Daniel Ellsberg created a stir largely because they showed the CIA had done its intelligence-gathering job well in Vietnam, making clear to the Kennedy and Johnson administrations that: 1) the Diem and Thieu governments, and ARVN military — which we supported to the bitter end — were hopelessly corrupt and brutal; 2) the National Liberation Front (NLF) leadership and cadres (the Viet Cong) were much less corrupt, and were indigenous South Vietnamese, not infiltrators from the North; 3) the NLF enjoyed twice the support as the ARVN (roughly 25% to 12%, with the remaining two-thirds of the people in the best tradition of ancient peasant wisdom seeing all governments simply as tax collectors; and 4) there was no evidence linking the NLF or the North to China.

If genuinely motivated by good will then, the US might have developed a policy of actively supporting the NLF, providing it with the food, medicines, books, walking tractors, fertilizers, building materials and much else that neither the North, nor China, nor the Soviet Union could provide, and in that way assist the NLF in promoting the economic development of South Vietnam. Instead we destroyed the NLF, making the occupation of the entire country by Northern forces a self-fulfilling prophecy. Well over two million Vietnamese (by US estimates) died in the process, along with 58,000 US troops; elements of Agent Orange and land mines continue to plague the country a quarter of a century later.

### **The Nicaraguan Example**

There are numerous other examples of where history would read very

differently today had we not supported “the wrong side” — Greece in 1947, China two years later, Cuba a decade after that, etc. — but one more recent case can stand duty for many.

During the early 1980s, Oxfam praised the Sandinista government for the support and assistance it gave the organization in its humanitarian relief efforts in Nicaragua. Amnesty International described some human rights abuses there, but noted that they were far fewer in number and ferocity than in any other Central American country at the time, save Costa Rica. And the unremitting repression of the three decades-long Somoza regime which the Sandinistas overthrew was admitted on all sides.

Yet when the issue of Nicaragua came before the US Congress, the only question for discussion was whether or not to continue supporting the Contras which had been initiated by the Reagan administration. That is to say, out of 535 members of the US Congress, not one asked: why don’t we support the Sandinistas (as the Nicaraguan people did in the 1984 elections)? Instead of supporting the democratically elected government, we continued to supply the Contras covertly, pumped money into the later elections sufficient to defeat the Sandinistas, and since then have altogether ignored the Nicaraguan peoples whose lives are now the most miserable in all of Central America.

These examples are not intended to suggest that the many insurgent groups the US has violently opposed since World War II were composed solely of saints; clearly they were not. Rather the examples are intended to show, first, that the preponderance of evidence available at the times of intervention suggested those insurgent groups were far more worthy of humanitarian support than their opponents (whom we did support). The examples also raise a troubling question: how much less authoritarian

might these groups have subsequently been had we supported, rather than endeavored to subvert, them?

### **The Wages of War**

This all-too-hurried sketch of US foreign policy could be elaborated at length, but should suffice to generate great suspicion about all stated reasons for US intervention abroad, past and present. However, all that has been (minimally) argued thus far is that the stated reasons are almost uniformly false; what are the real reasons for our manifold interventions?

These reasons will of course be many and varied, depending on the details of time and place, but they will share the goals of enhancing US corporate interests, or at the minimum, blocking real or imagined threats to these interests. Before turning to specific examples, it might be useful to consider the relationship between the corporations and the government for a moment.

The globalization of the world's economies is currently too often being described as eliminating nation states in favor of the untrammled power of transnational companies, and this is highly misleading; these companies, especially the US-owned ones, would collapse in months, if not weeks, without the active support of the US government.

To be sure, the recently shelved (but not forgotten) Multilateral Agreement on Investment would weaken considerably the governments of nation-states, but only in one area: the regulation of commerce. The MAI would surely restrict the ability of governments to check capital flight, restrict currency trading, enact minimum wage and environmental protection laws, and much else that might impede the flow of profits. All of these measures are of course threats to equality, justice, and democracy, and progressives should be vigilant in looking for the return of the MAI, and struggle against it when it again rears its ugly head.

But this is the only area in which the corporations wish an emasculated government. Without a bloated military budget, not only would

Boeing, McDonnell Douglas, Grumman, Raytheon and Lockheed-Martin be in trouble, but the automobile companies as well, plus the oil companies, the majority of hi-tech firms, and the major suppliers of all these firms.

And the corporations need much more. Profits would be much lower if they had to build and maintain the roads, electric, water, and sewage lines to their plants, run a public transportation system for their workers (or customers), and so on, and were not consistently the recipients of tax breaks.

At the international level, US corporations need the government to ensure that target countries are "safe for investment" (no movements for freedom and democracy), that loans will be repaid, contracts kept, and international law respected (but only when it is useful to do so). It is also the task of the US government to create and maintain markets overseas for US goods, and to protect the corporations from genuine competition from abroad whenever it is feasible to do so.

Finally, the US government must remain in constant standby to rescue US corporations when their mismanagement becomes conspicuous, from consistently subsidizing agribusiness, to the Chrysler bailout, to a bill currently before the House to provide a \$1.5 billion loan guarantee to steel corporations that are not competitive with Japan or Taiwan, even though the wage differential is slight (and in the case of Japan, favors the US).

Seen in this light, it can be said that no one knows whether the "free market" could work in the US, for it has never been practiced; corporations have needed the active intervention of the government since industrialization began. Different corporations may have somewhat different interests at times, and hence vie to influence governmental policies. What remains of American manufacturing, for example, in coordination with the AFL-CIO, must press the Clinton administration for an international minimum wage law; the likes of Nike,

Mattel, and Wal-Mart must press equally hard against it. But the overall point remains: all corporations want, and desperately need, massive government activity in order to secure profits.

### **Kosovo and Serbia**

Returning now more directly to foreign policy, we may examine the most recent interventionist action of the US government, the bombing of Kosovo and Serbia. At first blush it would appear that this is a counter-example to the claims of foreign policy solely serving corporate economic interests, for Serbian and Kosovar markets are negligible; they manufacture nothing that competes well with US or European goods; no large oil reserves are there, and the strategic importance of the area seems minimal.

The historical precedents enumerated above should generate skepticism that we might have intervened for humanitarian principles, but even if they are ignored, surely the government did not act on behalf of the suffering Albanian Kosovars, for if so, at the least it would not have informed their killers in advance that we would only oppose them from a minimum altitude of 15,000 feet. Moreover, that the Kosovars would suffer much more after the bombing began was, according to military intelligence, "predictable."

And so it was. By the time the accords were signed, at least 700,000 Kosovars had died, been wounded, or displaced by the Milosevic gang of killers and NATO. The bombing itself killed at least 1,200 civilians and 5,000 Serbian soldiers. The agreements reached were worse for the Kosovars than the earlier Rambouillet Accords, and in the end, there is precious little left in Kosovo to await the return of its citizens. As one reporter on the scene noted, "Large areas of Mitrovica and Pristina, two Kosovar cities, look like a cross between Kristallnacht and the blitzkrieg. What wasn't burned and looted by Serbian soldiers and paramilitaries in those nights of fury after

March 24 has been seen to by the NATO bombs.”

### **Aims of Kosovo Intervention**

“NATO bombs” move us closer to the aims of the intervention. The first aim was to ignore the United Nations and thus diminish its power. This will cause resentment on the part of virtually all member states, and severely strain relations with Russia and China; a small price for the US to pay, however, for weakening the organization, because a strong UN would clearly place constraints on the ability of the world’s sole superpower to do whatever it wished, wherever and whenever it wished to. (If we wanted a strong UN, we would pay our back dues, increase our dues, and stop vetoing so many measures in the Security Council).

NATO, on the other hand, was an entirely different matter. With the collapse of the Soviet Union, no credible threat to the security of Western Europe or the United States remained. But ending the alliance would be disastrous for a number of reasons. First, it would in all probability result in a call to reduce significantly the US military budget, which transnational corporations can’t allow to happen (see above).

Equally important, the US dominates NATO, and it is one of our major entries into European affairs. A solid European Union might not be so compliant with US policies as the government would wish; they might even become a more independent competitive economic bloc, and worse, endorse and support genuine development in the poorer nations of the world (per capita, the citizens of the Scandinavian countries give thirty times as much in development aid as their US counterparts).

Hence NATO had to have something to do to celebrate its semi-centennial, and with much fanfare they did it in Kosovo. They certainly weren’t about to do anything in Turkey, despite the parallelisms between the Kurds and the Kosovars. Turkey is itself a member of NATO, provides a splendid counterweight to

an uppity Iran (and Iraq), and, again, is the recipient of great stores of US-made weaponry. Hence the propaganda ministry — a.k.a. the standard media — had to keep the plight of the Kosovars on page one for months and ignore completely what was, and is, being done to the Kurds.

In much the same way, other US interventionist actions — from the overt occupation of parts of Somalia to the more subtle support for Barak against Netanyahu in the recent Israeli elections — can be seen to be neither directionless nor inconsistent, so long as it is borne in mind that major corporations need a very strong US government abroad no less than at home which can be relied upon to serve their interests. (Despite seeming inconsistencies, even our policies toward China are not an exception to this generalization, but the analysis thereof would be a lengthy one).

### **Need for Hope and Action**

To conclude, once media propaganda and academic apologia are set aside, the history of US foreign policy can be seen for what it is: an almost unremitting catalogue of horrors for a great many millions of the world’s peoples.

But the catalogue must be read with hope, and a commitment to struggle for fundamental change, not as a counsel of despair, or to generate feelings of helplessness. Hope, because the historical record shows that despite our strong and consistent support for the Batistas, Diems, Pinochets, and Suhartos of this world, insurgent groups committed to justice arose, and successfully challenged them in several instances. And surely similar insurgencies against US-supported authoritarian governments will rise again, because the thirst for justice and freedom is unquenchable.

It thus behooves all US citizens of goodwill to champion neither violent intervention in other countries nor some form of “neo-isolationism,” but rather to struggle for fundamental changes in the three interventionist patterns of our foreign policy.

This struggle is necessary for two

reasons. First, until change comes about the US budget will continue to be tilted heavily toward the military, rather than in support of the millions among us who do not live the American dream, but a nightmare: with fully a fifth of our children growing up in dire poverty, we do not need to spend money for cluster-bombs to rain on Kosovo, or anywhere else.

Second, the peoples of the world who currently endure the suffering caused by US foreign policies can only look to us to alleviate their misery. With the collapse of the Soviet Union, and a currently weak UN, the only possible check on US brutality lies with its own citizenry. Unlike a great many others who struggle for justice and freedom, US citizens can change their government without having to put their lives at stake in an armed uprising. The odds are long, but it can be done, and much of the world must depend on us to do it.

In this spirit, it is perhaps appropriate to end by quoting from the first Call to Resist Illegitimate Authority, which went forth 32 years ago, inspiring a great many readers of this publication, as well as their parents and older friends. Active struggle for fundamental change must be undertaken until such time as “the US ceases to be a terror in the politics among nations.”

Now, more than ever, is the time to Resist.

*Author’s note: I want to acknowledge and thank fellow Resist Board member Noam Chomsky for his many writings on this topic in general, and for his input and assistance with this article in particular, although any errors of commission or omission are mine alone. Anyone wishing documentation for any points raised in this article, or a bibliography for further reading, should write to me c/o Resist.*

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# SPOILS OF WAR

The Human Cost of America's Arms Trade

JOHN TIRMAN

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### THE REAGAN LEGACY

Although few in Connecticut and the other epicenters of U.S. military production fully appreciated it, the end of the Reagan rearmament began long before the conservative icon retired to his ranch near Santa Barbara. Spending for the military started to slide in 1986, and only the lag in making contracts and delivering weapons kept the military economy buoyant through the remainder of the decade. Then, in October 1989, the Berlin Wall was torn down by thousands of Germans on both sides of the Iron Curtain, and with it fell the military contractors' hopes for the future.

With the winding down of the Cold War, which the disassembling of the Wall most clearly symbolized, a debate arose over the impact of the rearmament, the Reagan Doctrine, and military exports. The right wing, naturally enough, claimed victory and drew the lesson of military strength. But the examined results were not so kind. The Cold War was like a heavyweight championship fight in which two boxers slugged it out for many rounds before one of them dropped dead of a heart attack. It could be said, and most conventional wisdom had it, that the expired boxer was exhausted and thereby defeated by the survivor. But the autopsy showed systemic illness that would have felled the deceased rather soon anyway. Chortling over the dead body, in this light, seemed foolishly misguided.

It was especially misguided when we examine what the impact was on the other body — or on bodies politic around the world. The Reagan Doctrine was especially destructive. By the late 1990s, Central America was still reeling from the impoverishing consequences of the wholesale militarization of El Salvador, Guatemala, Honduras, and Nicaragua. Southern Africa, with Reagan shipments of arms to the violent insurgents in Angola and Mozambique, was ravaged by civil war and crime-ridden poverty, which endured for years afterward. Some six million AK-47s were floating around the region in the 1990s, easily purchased from the demobilized rebels the White House had created and supplied. The civil wars themselves had claimed more than a million lives. Places like Somalia, Ethiopia, and Cambodia were similarly afflicted.

The shining case, however, was Afghanistan. Billions of dollars were supplied to Pakistan to funnel into the Afghan mountains, where Islamic radicals were fighting the Soviet army's occupation. The strategy of bogging down Moscow worked to some degree, but the price was extraordinary. Afghanistan immediately descended into a decade of chaos, with tens of thousands more killed in the factional strife that followed the Soviet pullout. The country has since become the principal source of heroin in the world. Pakistan became infested by the worst sorts of fanatics from the *mujahedin* factions, and is still constantly besieged by those forces. Karachi's corruption was furthered by CIA tools like the infamous Bank of Credit & Commerce International (BCCI), which became a money conduit for drug and gun trafficking, bribe-giving and -taking, and other nefarious activities.

The training and supplying of the "*muj*" is the legacy that has had the most powerful impact on the region. The U.S.-supplied weapons — a thousand Stinger anti-aircraft missiles and three million Kalashnikov automatic rifles — are now for sale around the region, from Kashmir to Turkey and beyond. The AK-47 copies were purchased by the CIA from China, Egypt, and other places so as to be untraceable to the United States. Now, from the arms bazaars of frontier towns in Pakistan to the supply stores of Iran, these Soviet-style assault weapons are finding their way to Kashmir, Kurdistan, even Mozambique. The Stingers, which the CIA has tried to buy back, to no avail, are also rumored to be proliferating widely. The CIA's guns now stock the arsenals of Hezbollah, Algerian insurgents, and the PKK.

The "blowback" phenomenon was not limited to the spread of weapons, however, as the bombing of U.S. military facilities in Saudi Arabia proved. Islamic fighters all over the region, trained by the CIA in Pakistan, are now turned against the pillars of U.S. interests in the Middle East. Said one Reagan Doctrine enthusiast: "I don't think the United States realized what the consequences might be," that is, the consequences of providing millions of weapons to the most ferocious, most anti-Western Muslim fighters in the world.

More routine exports of weaponry reverberated powerfully, too, though they lacked the éclat of a John Le Carré novel. The F-16 deal to Turkey was the largest export of any weapon worldwide, and by 1989 the Fighting Falcons were in the skies over the Kurdish precincts of Turkey and Iraq. Supplies to Egypt, Jordan, Saudi Arabia, and Israel kept the arms race started during the Nixon years going at full steam. By 1988, exports to the Third World had risen to \$12 billion. Secretary of State George Shultz was urging more exports, prompting one Florida congressman to ask on the floor of the House, "Don't we have any policy other than arms sales and Stingers?" One answer was the balance-of-power "diplomacy" in the gulf: covertly supply Iraq with weapons and military intelligence, while overtly giving it financial credits and political credibility.

The Reagan rearmament was most closely identified with the buildup of American forces, and here, too, the results of the 1980s were dreadful.

All the spending did not increase America's readiness as promised. Some knowledgeable analysts show that the amount of weaponry in the U.S. arsenal, the capability of that weaponry, and the training of our forces scarcely increased at all. Said one analyst: "The Reagan Pentagon has spent 150 percent more for armored vehicles than Carter did, but gotten only 30 percent more of them. Reagan has spent 90 percent more for missiles, but gotten only 6 percent more missiles; spent 75 percent more for aircraft, but gotten only 9 percent more." If readiness and technology were not obviously improving, the dollars flowing into the defense industry were obviously increasing. Among the biggest winners were the aerospace companies, which realized a 27 percent profit in 1984, to cite one typical year, considerably higher than the 11 percent earned by all manufacturing. Most of that money, moreover, went to products that were not consumable, but did pump wages into the economy at a record rate, going from 4.9 percent of the gross national product in 1979 to 6.6 percent in the late 1980s. Such spending exerted a strong inflationary pressure (more wages without more products to buy bids up prices), keeping interest rates artificially high

and retarding nondefense economic activity by about one percentage point each year. The enormous budget deficits incurred for the rearmament also jacked up interest rates and swallowed capital that might have been used for civilian economic growth.

When the drawdown began shortly after Reagan rode off into the California sunset, the impact on the workers who had been drawn into the defense industry was stunning. More than a million jobs would disappear over the next several years. Thousands of subcontractors would be particularly hard hit, but the “primes” would also be rocked. One could regard this as a “normal” economic cycle, and note that the million disappearing jobs represented just one percentage point of total employment in the country. It was occurring just as the phenomenon of wage stagnation was discovered, and is one of that problem’s main contributors.

Blue-collar workers at places like Sikorsky, Pratt, Lockheed, and the Stratford Army Engine Plant were paid a higher hourly wage than virtually anyone else in manufacturing. With the rest of the smokestack industries declining, military factories offered the last good assembly-line jobs left in America, especially in the Northeast. The laid-off sheet-metal workers, welders, machinists, engineers, and other skilled men and women would not easily find jobs elsewhere. They were the industrial backbone of the Cold War effort, and all the mythology of the “twilight struggle” accrued to them as well as the uniformed services. And they were unionized, with powerful representation in the Democratic Party to complement the natural sympathy for them found among more conservative politicians.

So the defense drawdown created unique pressures on politicians. Sudden large-scale job losses in a district are the most devastating possible political blow to a member of Congress, and such catastrophes are all the more shattering when the loss comes from a federal contractor. Representatives are expected to do something about such losses, and they are held accountable in ways that a large layoff from a private concern like IBM or AT&T would not stimulate.

The Reagan rearmament created these pressures and expectations. The endless speculation about how to soften the fall in military spending, how to maintain the “defense industrial base,” how to retrain workers for manufacturing jobs that did not exist — all of this was the consequence of an unnecessary and costly buildup to defeat a foe who was tottering anyway.

By 1989, when the Wall came down and the Bush administration, no enemy of a strong military, was forced to cut procurement sharply, the politicians knew what lay ahead. Since few in Washington had the vision or courage to plan for an industrial transition to other kinds of manufacturing, the alternatives were only too apparent: layoffs or exports. To just about any politician, the choice was easy.

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## **Seeing the System: Alan Greenspan, Unemployment, and the Validation of Radical Analysis**

*by Tim Wise*

“What’s the difference between a radical and a liberal?” It is a question I’m regularly asked at lectures, usually by college students struggling with their own sense of the world, trying desperately to figure out where they stand on the seemingly endless spectrum from right to left. Often it is put to me by College Democrat types: folks who are frustrated by their party’s lack of commitment to social and economic justice, but who can’t quite bring themselves to break with the group they consider the only alternative to the far right.

Usually, I answer the question in the fairly predictable way: by explaining that at the most basic level, the difference between radicals and liberals is one of focus, and where one places the crux of the blame for our current predicament, whatever that might be. In terms of economics, liberals tend to believe that the larger system of which we are a part is basically just, and that injustices and negative goings-on within that system are mere unintended consequences of an otherwise well-oiled and beneficent machine: a little tinkering here, a little reform there, perhaps a little more money for those at the bottom, and everything will basically be O.K.

On the other hand, the radical believes that the system itself is the problem: in terms of economics this means that the system of profit does not create hardship as the unfortunate sidelight of an otherwise warm-and-fuzzy social order; rather, we believe that the pain experienced by people under such a system is very much inherent to that system, and is in fact required by it in order to function. People are out of work in such a system, and thus poor and even destitute, not because the system is breaking down; but indeed, because it is working exactly as intended.

Now at first, this is an analysis that most don’t want to accept. And that’s no surprise, as “seeing the system” goes against everything most of us have been taught since we were young: the idea that one can be whatever one wants if one simply tries hard enough and plays by the rules. The notion of the U.S. as a pure meritocracy where individual failings are just that — individual — is a very seductive ideological posture, and one that few have ever subjected to real challenge.

The good thing for those of us who are radicals however, is that every now and then we get a little help in proving the larger point from the most unlikely of sources, and this week was no exception. For as I write this, Americans have

just been told that we must brace for a ratcheting up of interest rates: three times in one day as we enter May, and another likely hike in the middle of the month. And why? Well, as Federal Reserve Chair Alan Greenspan explains, the economy is too healthy, unemployment has fallen too low, and wages — God forbid — have started to inch upward for too many, thereby raising the specter of dreaded price hikes. As such, it has now become necessary according to the worldview of the Fed — one that is shared by all major players in both the Democratic and Republican parties and certainly by their Presidential candidates — to raise the cost of borrowing money, thereby cooling off the expansion and hiring spree, and perhaps even nudging the unemployment numbers back up a bit.

But wait: what was that? Intentionally slowing down job and wage growth? Intentionally doing something to push unemployment up — and thus, put folks out of work? Exactly right, and thus, it is Alan Greenspan who has demonstrated this week the accuracy of radical analysis as to the nature of the economy under which we labor and live. This former devotee of the market-worshipping, pseudo-intellectual cultist, Ayn Rand, now demonstrating clearly that pain and suffering, low wages and poverty are not the result of individual moral failings or a decline in the Protestant work ethic, but rather, are built-in to the nature of modern capitalism.

The fact that wages for most workers are still at lower real dollar values than they were in the late 1970s, or that most of the wage gains have been at the top of the employment structure and that over 40 million working people still lack health insurance is of no consequence: according to Greenspan, things are too good for too many people, and now it is time to tighten our monetary belt. But what does it all mean, outside the confines of economists' models and reserve bank meeting rooms?

Well consider this: when the Labor Department says the unemployment rate is 3.9 percent — the current official rate and a 30-year low — this is hardly an accurate depiction of the joblessness picture in the U.S. After all, the official unemployment rate doesn't include those who have grown so discouraged by their job prospects that they've stopped looking for work, nor does it include the many who work only seasonally and so they don't actively seek employment for much of the year, nor does it count those persons who are able to pull down only a handful of hours — perhaps temping — and instead counts these as if they were every bit as employed as the full-time salaried employee. If these persons were counted in an official unemployment/underemployment rate, the number of such folks would at least double, coming to around 8%, or perhaps even as high as 10%. That the Labor Department does in fact keep this number — called the U-7 rate but never reported to the general population — is only further confirmation that the propaganda system in this land requires intentional obfuscation of the true state of economic affairs.

And so it is essentially a matter of official monetary policy to maintain unemployment at around 8-10% of the potential workforce — around 9-11 million people in all — so as to keep the economy from “overheating,” which really means to keep wages from rising too high, thereby forcing companies to either raise prices or suffer a loss of profitability as workers pocket more of the value produced by their output. If we assume that many of these 9-11 million unemployed and underemployed persons have dependents, and that lacking steady income they likely also lack bankable wealth-producing reserves to call on in hard times, it is fair to estimate that over 20 million Americans are stuck in the ranks of the poor and near-poor thanks to the conscious decisions of economic elites to keep them there.

The doors that this simple and readily apparent fact of American life has the power to open are substantial: after all, if people are out of work and poor (and thus, often in need of public assistance) because of a deliberate economic policy; and if, indeed, the destitution of these individuals is something which is required so that the rest of us may enjoy lower prices by maintaining a certain degree of slackness in labor markets, then not only should we not disparage the poor for their poverty, but indeed, we should perhaps consider them among our most noble citizens: sacrificing their own good for the well-being of us all.

To witness what the Fed is doing this summer to interest rates — all because workers are supposedly doing too well — is to witness perhaps one of the central organizing issues of the new decade: simply put, that working people are hurting and will continue to hurt in this system so long as the interests of the owning class are put ahead of those of everyone else. As long as jobs and wages are seen as zero-sum games — and profit maximization seen as the ultimate goal of a national economic policy — working people will continue to be played off against one another, rotating in and out of financial instability. To highlight the structural nature of economic hardship — and the Fed’s actions make this much easier for radicals to do effectively — is to provide a new way of discussing so many of our most vexing political and social issues. It is to allow citizens to potentially rethink their stereotypical and negative views about the poor, about people of color (blamed for “taking” jobs from whites), and the real sources of whatever pain and insecurity they may be experiencing in their lives. It is to launch a frontal assault against the myth of meritocracy and the “magic” of the marketplace, and it is to make clear the overlapping world views of the two dominant political parties in America: a clarity that will be desperately needed if we are ever to build an effective alternative to the status quo.

So this week, let those of us who are radicals do something we probably never expected to find ourselves doing: thanking Alan Greenspan for making the nature of our economic beast more apparent than any army of sociologists could ever hope to do. And let us go forward, using the facts pulled from the

very headlines of the mainstream press, as we strive to make the public “see the system” for what it is so they may join in an effort to replace it.

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