



# DEVASTATING SOCIETY

THE NEO-CONSERVATIVE ASSAULT ON  
DEMOCRACY AND JUSTICE

**Edited by Bernd Hamm** • Contributors include:  
Noam Chomsky • William Blum • Michel Chossudovsky



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The Neo-Conservative Assault  
on Democracy and Justice

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# Abbreviations and Acronyms

9/11	September 11, 2001 attacks
ABC	American Broadcasting Corporation
ACLU	American Civil Liberties Union
ACSH	American Council on Science and Health
ACT	America Coming Together
AEI	American Enterprise Institute
AFL	American Federation of Labor
AFL-CIO	American Federation of Labor—Congress of Industrial Organizations
AI	Amnesty International
AIEDEP	African Institute for Economic Development and Planning
AIF	Animal Industry Foundation
AIPAC	American—Israel Public Affairs Committee
ALEC	American Legislative Exchange Council
ANC	African National Congress
ANWR	Arctic National Wildlife Reserve
AP	Associated Press
API	American Petroleum Institute
ASSC	Advancement of Sound Science Coalition
ATM	automatic teller machine
AU	Americans United for Separation of Church and State
BCCI	Bank of Credit and Commerce International
BCIS	Bureau of Citizenship and Immigration Services
BICE	Bureau of Immigration and Customs Enforcement
BIPAC	Business—Industry Political Action Committee
BNL	Banco Nazionale Del Lavoro
BOP	Bureau of Prisons
BSP	Bulgarian Socialist Party
CAREC	Clean Air Responsibility Enterprise Committee
CBS	Columbia Broadcasting System
CCSP	Climate Change Science Program
CD	Christian Democratic Party
CEO	Chief Executive Officer
CEQ	Council on Environmental Quality

CFACT	Committee for a Constructive Tomorrow
CFR	Council on Foreign Relations
CIA	Central Intelligence Agency
CLG	Citizens for Legitimate Government
CMA	Chemical Manufacturers Association
CNN	Cable News Network
CO <sub>2</sub>	carbon dioxide
COINTELPRO	FBI's Counterintelligence Program
COW	Coalition of the Willing
CP	Communist Party
CREA	Council of Republicans for Environmental Advocacy
CRG	Center for Research on Globalization
DCI	Director of Central Intelligence
DEA	Drug Enforcement Administration
DHS	Department of Homeland Security
DNA	deoxyribonucleic acid
DPB	Defense Policy Board
DPG	Defense Planning Guidance
DRNK	Democratic Republic of North Korea
ECLAC	UN Economic Commission for Latin America and the Caribbean
ECO	Environmental Conservation Organization
ELN	National Liberation Army (Colombia)
ENN	Environmental News Network
EPA	Environmental Protection Agency
EPICA	Ecumenical Program in Central America and the Caribbean
EU	European Union
FAA	Federal Aviation Administration
FAIR	Fairness and Accuracy in Reporting
FARC	Revolutionary Armed Forces of Colombia
FASB	Financial Accounting Standards Board
FBI	Federal Bureau of Investigation
FCC	Federal Communications Commission
FEMA	Federal Emergency Management Agency
FISA	Foreign Intelligence Surveillance Act
FOE	Friends of the Earth
FOIA	Freedom of Information Act
FREE	Foundation for Research on Economics and the Environment
FWS	Fish and Wildlife Service



G7	Group of Seven (USA, Canada, Japan, UK, France, Germany, Italy)
G8	G7 plus Russia
GAO	General Accounting Office
GCC	Global Climate Coalition
GDP	Gross Domestic Product
GNP	Gross National Product
Group of 77	Developing countries in the UN
HCC	HCC Insurance Holdings Company
HHS	Health and Human Services
HMO	Health Maintenance Organization
HPI	Human Poverty Index
HRW	Human Rights Watch
HUD	US Department of Housing and Urban Development
IASPS	Institute for Advanced Strategic and Political Studies
ICBM	Intercontinental Ballistic Missile
ICCPR	International Covenant on Civil and Political Rights
ICRC	International Committee of the Red Cross
IFI	International Financial Institution
IMC	Independent Media Center
IMF	International Monetary Fund
INC	Iraqi National Congress
INS	Immigration and Naturalization Service
IPCC	Intergovernmental Panel on Climate Change
IRA	Irish Republican Army
ISI	Inter Services Intelligence
ITT	International Telephone and Telegraph
JINSA	Jewish Institute for National Security Affairs
LCV	League of Conservation Voters
LEC	Law and Economics Center
MAI	Multilateral Agreement on Investment
MPLA	Mozambique People's Liberation Army
MRI	magnetic resonance imaging
NAFTA	North American Free Trade Area
NAS	National Academy of Sciences
NATO	North Atlantic Treaty Organization
NBC	National Broadcasting Corporation
NCC	National Coal Council

NCTA	National Commission on Terrorist Attacks upon the United States
NED	National Endowment for Democracy
NEPDG	National Energy Policy Development Group
NGO	non-governmental organization
NIC	Newly Industrialized Country
NIMBY	not-in-my-back-yard
NMA	National Mining Association
NMCC	National Military Command Center
NORAD	North American Aerospace Defense Command
NRDC	Natural Resources Defense Council
NSA	National Security Advisor
NSC	National Security Council
NWF	National Wildlife Federation
NY	New York
OUA	Organization of African Unity
OECD	Organization for European Cooperation and Development
OFF	Oil for Food
OMB	Office of Management and Budget
OPEC	Organization of Petroleum Exporting Countries
OSHA	Occupational Safety and Health Administration
OSP	Office of Special Plans
PAC	Political Action Committee
PBS	Public Broadcasting Service
PEER	Public Employees for Environmental Responsibility
PLO	Palestine Liberation Organization
PNAC	Project for a New American Century
POGO	Project on Government Oversight
PSR	Physicians for Social Responsibility
S&B	Skull and Bones alumni
S&L	Savings and Loan
SAP	Structural Adjustment Program
SEC	Securities and Exchange Commission
SEPP	Science and Environmental Policy Project
SII	Sovereignty International Inc.
SLAPP	Strategic Lawsuit Against Public Participation
SOP	standard operational practice
SSA	Social Security Administration
SWAPO	South-West African People's Organization
TIA	Total Information Awareness
TNRCC	Texas Natural Resources Conservation Commission

UAE	United Arab Emirates
UBC	Union Banking Company
UDT	Timorese Democratic Union
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNITA	National Union for the Total Independence of Angola
UNRISD	United Nations Institute for Social Research and Development
UNSC	United Nations Security Council
US	United States
USAID	US Agency for International Development
USDA	United States Department of Agriculture
USGS	United States Geological Survey
USPIRG	US Public Interest Research Group
USSR	Union of Soviet Socialist Republics
USW	United Steel Works
VA	Veterans Affairs
WMDs	Weapons of Mass Destruction
WTC	World Trade Center
WTO	World Trade Organization
WWII	World War II

# Preface

A large majority of all Europeans consider the United States government to be one of the most dangerous elements in global politics, according to a recent European opinion poll. So, it might not be too surprising that a European would want to initiate and edit a book which attempts to substantiate this negative perception of the only remaining superpower. Ever since World War II, the US has served as a role model for many in Europe, which had considerable impact on our societies. The aggressive, imperialistic side of US politics was usually ignored, and an alleged “community of values” postulated instead. The unilateral doctrine of the Bush administration broke this implicit consensus. Doubts about its legitimacy emerged after Greg Palast disclosed the presidential election fraud of 2000. There were reports of manipulated voting machines. At the time of writing it is difficult to know for certain if this will overshadow the election of 2004. The endless litany of the “world’s oldest democracy” to which we owe solidarity and obedience has lost its persuasiveness.

For decades it had been relatively easy to foresee the future path of development—the closer European societies were allied to the US, the more would they follow the US pattern, and the correlation seemed to be tight. To understand where my own (German) society was heading, first of all I had to observe carefully the respective trends in the US. This is exactly what the book seeks to do. The result is frightening. Our political and economic leaders as well as the mainstream media must know that American society is deliberately and systematically devastated by the neo-conservative camarilla. Still, they tend to subserviently follow the dictates of the US government and the international financial and trade institutions it commands. Resistance is needed. We the people must make our governments understand that we don’t want them to follow the US path. We should not give up basic moral standards. The International Court of Justice was set up after 1945 with the purpose of stopping major powers invading other people’s countries and killing large numbers of their citizens. It is significant that the US government wishes today to ignore the International Court and not to be bound by its jurisdiction. There are now many people in the world who see that it is the US government who arbitrarily waged war on Iraq, lied to its own citizens and killed at least one hundred thousand Iraqi people. It

seems that the age of mass murder has returned and this time it is the US and its allies who are responsible.

At the moment of writing, the US is governed by a group of right-wing war hawks with George W. Bush as their frontman; therefore I call this group the Bush Gang. To be very explicit: I have no commonality of values with the Bush Gang, but I do have common values with the authors of this book. This is not a normal, democratically legitimized government, and it should not be treated as if it were. The usual way university professors articulate their views is through writing or, in this case, editing books—while others organize protest rallies, engage with NGOs, boycott US products, or give back their Amexco credit cards, and some do all of these and more.

At first the book was envisaged for a non-American educated public to which it should provide a broad overview of the United States', and specifically the Bush Gang's, impact on the world, the Bush Gang's grab of power, and the effect this has on US society, and if copied, on others. In the ten months of discussions and writing, many of the authors found that although there is no lack of literature critical of the Bush Gang in the US, a book of this nature and comprehensiveness does not exist. Therefore it is also aimed at a US readership to which we apologize for a number of things all too familiar to them.

An outline was drafted of what such a book ideally would contain. Of course, this would have resulted in much too long a book. It was clear from the outset that I would not write this book myself—it would not only have gone beyond any competence of mine but also be immediately dismissed as being part of anti-Americanism. Its authors, therefore, should be mostly American. I contacted friends, posted the idea on mailing lists, and went to search the internet. In some cases articles could be found which were close to perfect to be included; here I asked for the permission to reproduce the chapter, in a few cases updated. Potential authors were solicited to contribute other chapters. The book is, on the one hand, critical of the power cadres in the US and the circles supporting them and, on the other hand, a sign of solidarity with the Other America.

Inevitably, of course, by this way of emergence the book carries also the perceptions and limitations of its editor for which the authors cannot be held responsible.

The first idea to initiate such a book evolved on a wonderful summer evening in the friendly company of German sociologist Fritz Vilmar—he is the first to thank. Fritz, and my wife Sabine and my friend and colleague Lydia Krüger, discussed several versions of the concept with me. I got helpful advice from, among others, Wendell Bell, Chip Berlet,

Herbert Gans, Ali Kazancigil, Ismail Lagardien, Michael Pugliese, Arno Tausch and Charles Tilly. Many encouraged the project without being able to cooperate, among them Wendell Bell, Luciana Bohne, Heather Boushey, William Hartung, Richard K. Moore, Greg Palast, Danny Schechter. Some, to whom I apologize, fell victim to the final cuts to allow the book to be published at a reasonable price. The email discussions with authors from abstracts via draft papers to final chapters was a rewarding experience and a real pleasure, a process of cooperation among people most of whom have never met face-to-face. I am grateful to all of them.

Bernd Hamm  
Trier, Germany,  
November 2004



# Introduction

*Bernd Hamm*

Never since World War II have ordinary people found themselves so pitilessly pressed into job and income insecurity, never so unashamedly exploited by a small clique of shareholders and political and economic cadres (I deliberately eschew the term *élite* because it connotes the idea of moral superiority, which would definitely be misleading). Never have we been so openly deceived and dragged into wars in which thousands are slaughtered or crippled on the orders of someone who claims to be a Christian. Never was international law—the outstanding achievement of civilization—bypassed so self-righteously and cynically. Never has the common good, the basis of any democratic community, so hypocritically been attacked. Never has the Fourth Estate, the media, so utterly failed to fulfill their task of critically observing and reining in those in power. Never have fundamental civil rights been so restricted, and surveillance and repression become so all-encompassing. Never has public opinion been so perfectly manipulated. What sort of world is it where one family, allegedly the richest there is, has more assets than necessary to provide safe drinking water for every person in the world but does not care? The US Congress has approved a further \$87.5 billion to continue the war against the people of Iraq. With this money, basic education for every child on earth could have been provided. It's a perverse world where the basic principles of social justice, democracy, and trust are lampooned.

It's globalization, stupid—or so they say. Some of the more enlightened would emphasize the role of global power structure, international financial speculation or neo-conservative ideology, while some of the less enlightened (including, alarmingly, many in so-called economic theory) refer to the alleged genetically determined greed of human nature. None of these theories, however, acts; only human beings do. It is not globalization that subjects drinking water or the energy supply to the demands of profit-making; nor does human nature privatize jails. This is why we focus on the top of today's global power hierarchy, that small group of people who wage war on others at will,



who disdain the law if it is not to their benefit, who buy or depose other countries' governments, who create conditions in which their supporters amass immense fortunes while the majority of people live in poverty. The most visible element of this group sits in the US government and administration and because the frontman is the current president, George W. Bush, I call this group the Bush Gang. The Bush Gang extends far beyond the US. G8 (the eight most powerful industrial nations: the US, Canada, Japan, Germany, France, UK, Italy and Russia), the International Monetary Fund (IMF), the World Bank, the World Trade Organization (WTO), and military alliances such as NATO are the major instruments used to demand loyalty worldwide.

Long before the Bush Gang, successive US governments rarely hesitated to enforce their claim to power by means of overt or covert action, but none has been as ruthless as the Bush Gang. It was only recently that some of the traditional vassals showed tentative signs of opposition: Canada, Germany, France, and Belgium did not answer the Bush Gang's call to war against Iraq, but many did (COW, the 'coalition of the willing'), mostly against the wishes of the overwhelming majority of their populations. Six million people around the world rallied in protest against the war on February 15, 2003. I admit that for a brief moment I dreamed we would succeed. We did not. Iraq was bombed to rubble, its infrastructure destroyed, its people left without water, electricity, and petrol. Meanwhile, the Bush Gang is selling Iraqi oil to its friends—oil desperately needed to fuel Iraqi power plants and water works. While 60 per cent of Iraqis are unemployed, US-based corporations awarded billion-dollar contracts for reconstruction hire cheap immigrant workers. This is how hatred is generated.

The tentacles of the Bush Gang touch on many aspects of daily life, not only in the US, but also abroad. Political and economic advisors can be found not only in the transition countries of Eastern Europe, via the IMF and its structural adjustment dictates they are in direct control of the economic policy of the majority of the world's countries. The OECD and IMF regularly give advice on how the economic policy of allied countries should be drafted. With the help of the WTO, neoliberal principles, deregulation, and privatization are pushed through. Often, their influence is indirect and difficult to detect. Public opinion manipulation, i.e. propaganda industries, booms. The media, which excel at advertising, circulation, and market shares, and are increasingly dedicated to infotainment, are not helpful in providing orientation for ordinary people. Better and more reliable information is restricted to those who have the time, knowledge, and motivation to spend hours on daily information gathering.

One of the most telling examples can be seen in the “compelling evidence” provided by US Secretary of State Colin Powell to the UN Security Council on February 5, 2003 on Iraq’s weapons of mass destruction. Even as it was being presented, interested internet users around the world knew that the document tabled was a fake, copied from a student’s paper twelve years out of date without even correcting for typing errors. The German foreign minister, Joschka Fischer, once a political activist and Vietnam war protestor, had the gall to call this so-called evidence convincing. There have been few events as unashamed as that.

In fact, the Bush Gang is an epiphenomenon we are observing and, in part, analysing. The underlying cause is a *system* which allowed the Bush Gang to seize power, throttle US society, and wage war on other countries. What is this system? And how does it work?

From the Great Depression up to the mid-1970s there was a broad consensus in all Western societies and across almost the entire political spectrum that economic growth was the primary goal and that the surplus gained by growth should (a) be distributed among the working population in the form of wage increases and social security, and the owners, (b) used to repair ecological damage brought about by growth, and (c) given to developing countries. The underlying conviction was that we can thrive only if all thrive. This was the social democratic, or Keynesian, consensus, and could be achieved only if two prerequisites were in place: a booming economy, and a relatively balanced power structure.

In the mid-1970s a sudden and unforeseen alignment of events shattered this consensus. It included the end of the Vietnam war; the first oil price shock and energy crisis; rising energy prices and interest rates, leading to the beginning of the international debts crisis; the onset of unemployment in the OECD countries; the abandonment by the US government of the Bretton Woods currency system and the transition to floating exchange rates; the end of the decolonization process and with it the new weight of the Group of 77 in the UN General Assembly; the stillborn New World Economic Order in the United Nations; the withdrawal of the US from the International Labour Organization (ILO) (and later from UNESCO); the beginning of the G7; the end of the US paying its UN dues; the Stockholm World Conference on the Environment; the Club of Rome report, *The Limits to Growth*; major technological innovations like glass fiber, the microchip, and the spread of personal computers; the internet; the isolation of DNA sections and the beginning of genetic manipulation; and the CIA-instigated *coup d'état* in Chile and assassination of its president, Salvador Allende. With

the changing majority in the UN General Assembly as a consequence of decolonization, the US, together with its Western allies, began systematically to dismantle the UN (witness the use of the veto in the Security Council, or the refusal to accept the International Court of Justice's rulings, e.g. on the mining of the Nicaraguan ports, and the political blackmailing of the UN against the payment of only a part of regular dues) and the construction of a parallel, informal, undemocratic global power structure—the G7. It was also the beginning of the end of the socialist regimes, largely brought about by foreign debt.

Today's G8, dominated and led by the US, controls the Security Council (except China), the IMF, the World Bank, the WTO, and NATO (with its new mandate based on common interests instead of common territory), which together will be referred to as the G8 institutions. Even if they are led by the US government, the other seven are responsible fellow travelers. The logic behind all of this is the will to secure access to natural resources for the benefit of the West at the cost of accelerating deprivation, especially of the developing countries. The Western coalition was indifferent because all cadres were well aware that their political support at home relies on the assurance of ever-continuing growth. Real exponential growth in the wealthy countries, however, can only be achieved at the expense of the developing countries, further depriving the working class, and continuing deterioration of the global life support system. This is a fact beyond statistical sleights of hand such as the hedonic pricing in US GNP accounting, and despite decades-old criticism of growth as an index of welfare.

An interesting new element is that, for the very first time since WWII, the Afghanistan and Iraq wars have split the Western coalition. It would come as no surprise if dissent within the G8 institutions increased, as is already the case within NATO. It is an illusion to believe that NATO can be extended further eastwards and still be governed single-handedly.

The G8 institutions all work under strictly executive order—thereby excluding any legislative or judiciary control. At the same time there is economic concentration in a handful of huge conglomerates called transnational corporations. Together they rule out democratic decision-making and the idea of organizing society from the bottom up. Global cadres have taken over. An interesting, though little known, example is the Carlyle Group which brings together, among an interesting number of others, the Bush and bin Laden families, as well as the Russian oligarch Mikhail Chodorkovsky, who was detained in Siberia at the very moment he was intending to sell the majority of the Russian oil giant Yukos to Exxon Mobile. Some conspiracy theorists go as far as to assume that the energy crisis was planned at a meeting of the Bilderberg

Group in May 1973 on the Swedish island of Salstjöbaden.<sup>1</sup> Whatever the case, it is naive to assume that world political and economic leaders never meet to exchange and coordinate views in places like the Davos World Economic Forum, or privately, however and wherever they wish. They will certainly do everything in their power to protect themselves from the incalculable coincidence of democratic decision-making. Some dismiss this as a conspiracy theory. However, the facts supporting it are there for all to see. The only real conspiracy theory is the one maintaining against all the evidence that Osama bin Laden was behind the 9/11 attacks.

Since the mid-1970s, unemployment and rising welfare costs have burdened already indebted states. The beginning of the abandonment of the welfare state and Keynesian policies led, in the early 1980s, to neo-conservative governments in the UK, US, Germany and later other countries. The mid-1970s also witnessed a change in power relations. On a world scale, Western capitalist countries successfully defeated, and began to bring under their control, the developing countries. This *second colonization* was largely based on “structural adjustment” whereby other countries were subjugated, and according to neo-conservative ideology Keynesian redistribution was turned upside down within the rich countries. On a national scale, unemployment and political strategy helped to undermine the trade unions as the major plank of Keynesian politics. Public opinion was gradually turned away from social democratic models, which were accused of creating the crisis, and towards conservative “supply-side” and neo-conservative concepts. Capital markets were “liberalized.” The coming to office of the neo-conservative governments in 1979/80 strengthened this process which had begun under social democratic rule.

The final neo-conservative takeover after 1990 was made possible by five interacting elements. *Neo-conservatism* was promoted by right-wing US think tanks; the so-called *Nobel Prize for Economics*; the *Washington Consensus*; the *collapse of the socialist regimes*, and the *dismantling of the trade unions* in the West worked together to produce a climate in which only market fundamentalism seemed to offer solutions to socio-economic problems. While we used to criticize the exclusively Marxist understanding of science in the socialist countries, we failed to notice the extent to which our own systems had been brainwashed and underwent an epistemological cleansing after 1989.

(1) Right-wing think tanks succeeded in framing public opinion along conservative lines. George Lakoff and his colleagues at Rockridge Institute<sup>2</sup> analysed the decades-long efforts of right-wing think tanks and foundations to form public opinion and push through the

neo-conservative agenda. Lakoff, like others before him, discerns two major worldviews.

The *conservative worldview* is basically authoritarian and, hierarchical. The state is like the traditional family: the president governs and has the right to expect discipline and obedience in the same way that a father rules his family and expects discipline and obedience from his children. Disobedience is met with physical punishment. The world is evil; father protects and needs the means to protect. He is the moral authority; whatever he does is right. Traditional power relations are a guide to morality: God above man, man above nature, adults above children, western culture above non-western culture, America above other nations. (There are also bigoted versions: straights above gays, Christians above non-Christians, men above women, whites above non-whites.) The US is seen as more moral than other nations and hence more deserving of power. It has the right to be hegemonic and must never yield its sovereignty or its overwhelming military and economic power. It is God's own country, populated by the chosen people, and, surrounded by potential misbelievers and enemies. Father/president/US must never yield their authority over others. Patriotism is exclusive; it means loyalty to one's own group and to government only if it belongs to one's own group. Thus, patriotism can go hand in glove with discrimination against minorities. Material success is a mark of superior morality. Lack of success indicates less moral strength and less discipline. Pursuit of self-interest is moral—if everybody pursues their own self-interest, then the interest of all will be maximized.

As a political doctrine, the conservative worldview translates into support for capital punishment, tough law-and-order measures, opposition to welfare spending, less taxation and economic regulation, puritanical and hypocritical attitudes towards sexuality, and finally, a strong national defense so that enemies can be punished appropriately.<sup>3</sup> Consider the Project for a New American Century (PNAC) for an exact translation of this view into a political program which became enacted as the National Security Strategy.<sup>4</sup>

This is what many non-Americans perceive as the pre-enlightenment, dark, retrograde, uncivilized, stuffy image of US society, the one of the National Rifle Association, the Bible Belt, the death penalty, anti-abortionism, racism and discrimination, paired with self-righteousness and paranoia. Historians will recall the Calvinist ethos which led to terror in sixteenth-century Geneva, and sociologists will think of Theodor Adorno's famous research on the authoritarian personality,<sup>5</sup> or of Johan Galtung's DMA syndrome: **D**ualist, the world is divided into US(A) and them; there are no neutrals; **M**anichean, our party

is good, their party is evil; and Armageddon, there can be only one outcome, the final battle.<sup>6</sup>

In contrast, the *progressive/liberal worldview* sees the world as a nurturing place, which is to be protected. While the family is a place of intimacy and mutual care, the state is the place where different ideologies and interests meet to negotiate rational solutions to complex problems in the pursuance of the common good. Theoretically, the common good can be defined as the situation where nobody can exercise his or her liberty to the detriment of anyone else (another formulation of the “Pareto optimum” of economic theory). Human beings differ, though they are of equal right, and are all entitled to the pursuit of happiness and social participation. Empathy and responsibility are the core concepts, with many consequences: responsibility implies protection, competence, education, hard work, and social engagement. Empathy requires fairness and honesty, open, two-way communication, a happy, fulfilled life, and restitution rather than retribution to balance the moral books. The role of government is to care for and protect the population, especially those who are helpless and inarticulate, to guarantee democracy (the equal sharing of power), to promote well-being and ensure justice for all. The economy should be a means to these moral ends.<sup>7</sup> Patriotism here is inclusive and means loyalty to the founding constitutional principles. If the government violates these principles, it is not only one’s right, but also one’s duty to criticize, oppose and, if necessary, resist government.

This is the open, democratic, cultured, just US society so often praised and admired by non-Americans. Its foresight, fairness, and intellect have brought it to help found the United Nations and draw up the Charter of Human Rights. It is this US which maintains global solidarity and sustainable development. It is conscious of the fact that it has only one voice in the family of nations. When it leads, it does so with modesty, tolerance, rational argument, and sympathy for all.

The question, central to humankind, was which soul in the US body would prevail over the other. With the Bush Gang, the conservative fraction has taken over all four powers: the legislative, the executive, the judiciary and the media.

Starting in the 1960s and accelerating in the 1970s, conservative intellectuals worked to fashion a political ideology that would allow the different conservative groups to coalesce under a single umbrella. The stratagem that intellectuals used to reconcile the conflicting viewpoints of religious and economic conservatives was to treat “the market” as akin to a divine force that always calls for moral behavior. They sought to expunge the lessons of the Great Depression from collective memory.

Religious and economic conservatives together sold Americans the quack medicine of untrammelled free markets and the glorification of *greed is good*. Over the last 25 years, the consequence has been a collapse of business ethics: infectious greed has been institutionalized in corporate suites. Excessive salaries, the manipulation of balance sheets, and the avoidance of taxes are now all too familiar. At the same time, regulatory institutions are in a state of disarray because the free market mantra insists that regulation is illegitimate and unnecessary.<sup>8</sup> Today, the Bush Gang's war against Iraq has succeeded in pushing corporate scandals off the frontpage.

Conservative institutions like the Olin or Heritage Foundations and their think tanks have framed virtually every issue in their perspective. They have invested billions of dollars in changing ideas and language. They have set up professorships and institutes on and off campus where intellectuals write books from a conservative business perspective. Conservative foundations give large block grants year after year to these think tanks. They build infrastructure and TV studios, hire intellectuals, set aside money to buy large quantities of books to get them on the bestseller lists, hire research assistants for their intellectuals so they can perform well on TV, and hire agents to get them on TV. They produce manuals which, issue after issue, present what the logic of the position is from a conservative side, what the opponent's logic is, how to attack it, and what language to use. Along these lines, George W. Bush was framed and sold as a "compassionate conservative." Susan George<sup>9</sup> has provided data on how neo-conservative ideology was manufactured, and how it spread across the US and Europe: "The doctrines of the International Monetary Fund, the World Bank, and the World Trade Organization are indistinguishable from those of the neo-conservative credo." She concurs with Lakoff in her analysis that right-wingers, by funding institution-building, have become incredibly more successful than project-oriented progressives in shaping public opinion.<sup>10</sup>

In reality, however, the state was not dismantled but rather used by capital to reduce its tax burden while relying more and more on taxes squeezed from lower income groups, privatization of public assets, deregulating certain areas, e.g. energy, safeguarding offshore tax havens, and channelling more money than ever into the military-industrial complex, transferring the economic surpluses from labor to finance, and pressing other governments to finance the trade balance deficit. Whereas the markets for goods can become saturated, or fail to extract profit because of an absence of purchasing power, the military is insatiable as long as new technologies are being developed and implemented, and wars deliberately waged to destroy the "goods" delivered. The

French historian Emmanuel Todd explains why US governments have always attacked relatively small and helpless countries like Grenada, Nicaragua, Libya, Cuba, Afghanistan, and Iraq. By this demonstration of “strength,” faith in the dollar as the world reserve currency could be maintained, an instrument of power which is endangered by the double deficit of the budget and the trade balance.<sup>11</sup>

In short, with immeasurably more money, better organization, more fervent commitment, and finally the *coup d'état* of the November 2000 presidential elections, the conservative worldview seized power and is now perfecting its control to an extent that makes some fear the emergence of a new fascism.

(2) The *Nobel Prize for Economics* can be seen as part of this venture. Very few people are aware that no such thing exists in reality. Rather, what has become known as the Nobel Prize for Economics is the “Prize of the Bank of Sweden for Economics in Memory of Alfred Nobel” and is neither funded from Nobel’s fortune (but by the Bank of Sweden) nor awarded according to the same rules and procedures as the genuine Nobel prizes. This is important because of the prestige Nobel prizes command as the most authoritative recognition worldwide in their respective fields. Despite the thousands of university chairs in economics around the world, since the inauguration of the prize in 1969 40 out of 51 Laureates have been US citizens or work in the US, nine of them at the University of Chicago alone; ten prizes were awarded to economists in Western Europe, just one to a Third World economist, and none to the East—an outcome not very likely from simple statistical probability theory. The man most influential in selecting Economics Laureates has been the Swedish economist Assar Lindbeck. In 1994 he published a book entitled *Turning Sweden Around*, which called for drastic cutbacks in Sweden’s welfare state.<sup>12</sup> As Lindbeck has turned neoliberal, so has the selection of prize winners:

Between 1990 and 1995, the Nobel has gone to someone from the University of Chicago five out of six times. What is the relationship between Lindbeck and the University of Chicago? By all accounts, it is a cozy one. ... For example, Lindbeck joined Nobel laureates Milton Friedman, Gary Becker, and Douglas North in a long-running project to construct an “Economic Freedom Index.” The purpose of this project was to rank developing nations by the level of government interference in their economies. It was funded by the Center for International Private Enterprise, a far-right think tank



designed to promote the international business interests of its affiliate, the U.S. Chamber of Commerce.<sup>13</sup>

(3) The *Washington Consensus*, and with it structural adjustment policy, began long before John Williamson published his “Ten Commandments” (1990) as the “lowest common denominator of policy advice being addressed by the Washington-based institutions to Latin American countries as of 1989.”<sup>14</sup> In another article he admitted that while he invented the term “Washington Consensus,” he did not invent its content but rather “*reported* accurately on opinions in the international financial institutions and the central economic agencies of the U.S. government” (emphasis added).<sup>15</sup> Williamson distanced himself on several occasions from treating the term as a synonym for neoliberalism, or market fundamentalism, to be imposed on developing countries. But he also left no doubt that he had never argued for “giving socialism another chance.”<sup>16</sup> It never was what the name suggests: a consensus reached following negotiations between rich and poor countries to reduce poverty and the foreign debt burden. It was not even an explicit agreement among the rich country majority of the International Financial Institutions (IFIs), but rather tacitly supported. If one asked an informed member of one of its victim societies, it was bitterly criticized as the devilish medicine imposed on developing countries to deprive them of their natural resources, to prevent their development and self-determination, and keep them in poverty. Here is one of these voices:

The “Consensus” was drawn up by a group of economists, officials of the U.S. Government, the World Bank and the International Monetary Fund. A very restricted consensus; it was never the subject of general debate and never submitted to a vote. It was not even formally ratified by the countries it was imposed on. It has been, and still is, an authoritarian exercise, greedy and unsupportive, whose champions try to justify it on the grounds of the supposedly unquestionable economic-scientific character of its guidelines. ... Latin America, the principal victim of the “Consensus,” is a prime example for the disaster it has caused. In 1980 there were 120 million poor; in 1999 the number had increased to 220 million, 45 % of the population. ... After a decade of blindly devoted application of the Washington Consensus guidelines, Latin America stands at the edge of a precipice. Debt grew from U.S.\$ 492,000 million in 1991 to U.S.\$ 787,000 million in 2001. Railways, telecommunications, airlines, drinking water supplies and energy supplies were virtually

wound up and handed over to giant U.S. and European corporations. Public spending on education, health, housing and social benefits was reduced, price control was abolished, wages were frozen and millions of workers were dismissed by the new masters of the now-privatised public undertakings.<sup>17</sup>

He found it paradoxical that, “while the world’s physicists call into question the immovable and unquestionable nature of certain principles of Science (with a capital) editors, defenders and executors of the ill named ‘Washington Consensus’ claim that this selfish, obscene and biased view of the economy is pure economic science, making compliance obligatory. The ‘Consensus’, however, used to predict that with its application economic growth would increase, poverty would diminish and employment would expand. Just the opposite. Moreover, intensive use of natural resources has caused damage, perhaps irreparable damage, to the environment.”<sup>18</sup>

Former World Bank senior vice president and chief economist Joseph Stiglitz criticized the way in which a uniform neo-conservative version of the Washington Consensus was imposed on indebted countries. Stiglitz acknowledged that in most countries subjected to structural adjustment, and especially in the transition countries of Eastern Europe and the former Soviet Union, the more or less uniformly applied medicine did not reduce poverty and income/wealth polarization, nor did it reduce the debt burden or lead to economic or environmental stabilization.<sup>19</sup> Going one step further, Michel Chossudovsky<sup>20</sup> accused the IMF and WTO of being the cause of terrible poverty, exploitation, and war. “O’Neill’s Treasury Department controls the most powerful institutions that enforce the rules of the Washington Consensus: the IMF and the World Bank. Our government also has the biggest voice in the WTO, whose rules are widely seen as stacked against developing countries.”<sup>21</sup>

Summarizing, the expected consequences of the victory for “American values” at the WTO are: (1) a “new tool” for far-reaching US intervention into the internal affairs of others; (2) the takeover of a crucial sector of foreign economies by US-based corporations; (3) benefits for business sectors and the wealthy; (4) shifting of costs to the general population; (5) new and potentially powerful weapons against the threat of democracy.<sup>22</sup>

In blaming the US Treasury and the US-led IFIs, we should not forget, however, that the G8 countries *combined* hold the majority of

votes, so they are complicit. As they are usually represented by their finance ministers and central bank presidents in the IFI executive bodies, we should not be surprised to find little understanding, interest, or empathy for the harm done to others.

(4) Fourth, the *collapse of the socialist regimes*. This is not the place to recapitulate how and under which internal and external circumstances this occurred. Nor can we discuss here how much average Americans knew of really existing socialism. However, it is evident that this event was followed, in all Western and Eastern European countries, by a process of *epistemological cleansing*. Socialist regimes, so the argument goes, failed because, among other reasons, they had been based on theoretical foundations which, by the time of the collapse, had become empirically untenable. Therefore, Marxist thinking had been proved false and had to be eradicated, and with it all leftist and dialectical approaches. Intellectually impoverished as the argument might be, it swept through the schools and universities and across the media, and served to extinguish or at least totally marginalize troublesome thinking. Thus, the epistemological spectrum in economics today is characterized by an overwhelming majority of neo-conservatives, plus some Keynesian economists which might go under the rubric of “repressive tolerance,” to borrow an expression of Herbert Marcuse. In the perception of the political sphere and the media as well as of the public, economics became homogenized to serve the ideological interests of the rich and applaud the deprivation of the poor. Paradoxically enough, the victory of Western-style democracy and open competition of ideas and opinions over alleged streamlined socialist ideology has led to the silencing of most critical voices, and the streamlining of thought along crypto-capitalist lines. The intellectual brainwashing was most successful in the Eastern European transition countries. Although people there should be more informed and skeptical about the benefits of capitalism, their naïveté and innocent beliefs are surprising and easy to exploit.

(5) We should not forget, in addition, the *decline of the trade unions* a process that could be observed shortly after the conservatives came to power in the early 1980s. Ronald Reagan, after passing a number of anti-union Acts, used the military to break up the air traffic controllers’ strike; Margaret Thatcher aggressively privatized the highly unionized public sector services. In Germany, the unions fouled themselves, beginning with scandalous corruption in union-owned cooperatives such as Neue Heimat and Coop. These incidents, together with rising unemployment, resulted in declining strike funds and massive losses

of union membership and, therefore, of bargaining power. So it was not difficult to push through the agenda of “supply-side economics” after blaming Labour/the Democrats/the Social Democrats for being responsible for the recession. Coordinated or not, the coincidence is eye-catching; the first soft version of neo-conservatism had arrived.

Once the redistribution pattern was reversed from top down and bottom up with the help of privatization, cutbacks in the social welfare system, and tax relief for the rich, the process of ideological brainwashing became self-reinforcing. The immense wealth accumulated in just a few hands was used for currency and stock speculation, for blackmailing national governments in order to gain further tax cuts and for the ideological tuning of the media, the political sphere, and public opinion. It went smoothly: opposition was close to non-existent or incorporated. It is true but relatively unimportant to the powerful cadres that domestic purchasing power falls; overproduction goes into exports and destroys employment in the importing countries—they make money out of money. It is much more important to gain control of the media and public opinion, and thus of the electorate. Silvio Berlusconi in Italy and Rupert Murdoch in Australia and the US have been most successful in demonstrating how this can be achieved. This should, however, not divert attention from the covert action of the propaganda machine. Ultimately, the state is transformed into an instrument serving the wishes of CEOs and shareholders. The degree to which US governments, and especially the Bush Gang, have rewarded their sponsors with influential positions and lucrative contracts is, in the eyes of most Europeans, deeply corrupt.<sup>23</sup> With decreasing real income and a heavy debt burden, the state dismantles itself and the social security system with it. Deregulation is not much more than a shift from distributionary towards repressive instruments, and privatization is the final desolate measure to plug holes in the budget while, at the same time, taking away even more regulatory power from democratically controlled institutions.

It is only in this frame of reference that the stolen presidential election of November 2000 and the power grab by the PNAC group can be explained. In this light, 9/11 was instrumental in creating fear among the general public, to increase consent for the president and the government and the repressive measures they enacted, and to deliver arguments for aggression against others. The blueprint, once again, came from a right-wing think tank, the Olin Foundation, with Samuel Huntington's article, and then his book on the *Clash of Civilizations*.<sup>24</sup> Everywhere in the capitalist world an unprecedented propaganda campaign was

launched against Arabs and Muslims (“Islamophobia,” a campaign very similar to anti-Semitism). It is amazing to observe how much attention the media pay to the arrest of alleged terrorists, and how little they take note later of their release due to lack of evidence. Democratic opposition was intimidated and silenced, and democratic standards of transparency and checks and balances displaced. Here the US is once again the trendsetter followed, though not with the same rigidity, by other governments. The consequences can easily be observed in growing income and wealth polarization, and increasing tension, violence, and repressive reaction in US society. The spill-over to other countries is difficult to ignore.

Naturally the common people don't want war ... but after all, it is the leaders of the country who determine policy, and it is always a simple matter to drag the people along, whether it is a democracy, or a fascist dictatorship, or a parliament, or a communist dictatorship ... All you have to do is to tell them they are being attacked, and denounce the pacifists for lack of patriotism and exposing the country to danger. It works the same in any country—so said Herman Goering at the Nuremberg Trials.

The Bush Gang follows this prescription to the letter.

Most bewildering is the almost complete lack of public outcry against such policies. While the Bush Gang seems to be fully committed to serving the rich, and above all its sponsors, it is surprising to see that most of its supporters are those who stand to lose the most from virtually all their policies: blue-collar workers: 49 per cent of men and 38 per cent of women told a January 2003 Roper poll they would vote for Bush in 2004. Blue-collar workers represent 55 per cent of all voters, a fact that has not been lost on Republican strategists. The more precarious and difficult their job and income situation is, the more they seem to favor the conservative worldview and call for strong leadership. Republican rhetoric seems to appeal precisely to this group. Humiliation and fear can easily be transformed into anger if one manages to point a finger at the guilty: minorities, immigrants, women, terrorists. The Republicans are clearly doing all they can to direct that anger away from the beneficiaries of Bush's policies. “Paired with this is an aggressive right-wing attempt to mobilize blue-collar fear, resentment, and a sense of being lost—and attach it to the fear of American vulnerability, American loss. By doing so, Bush aims to win the blue-collar man's identification with big business, empire, and himself.”<sup>25</sup>

Thus, the system which has brought the Bush Gang to power was systematically prepared a long time ago and bore fruit long before George W. Bush was selected for the White House by the Supreme Court on December 12, 2000. It is this system which we set on to analyse in this book.

Part I analyses the power cadres. William Bowles, in “Bush Family Saga,” demonstrates to what extent the Bush family, criminal as it might appear to be, is no more than an epiphenomenon of the US capitalist system, the unculture of robber barons. This view is extended in Andrew Austin’s analysis of the “War Hawks.” In the final chapter of Part I, Walter E. Davis summarizes the evidence on whether or not the power cadres might have been complicit in the 9/11 attacks.

Part II illustrates some of the aspects in which US society is affected. It starts with Alison Parker’s and Jamie Fellner’s analysis of the human rights situation after 9/11. Domestic economic problems and their ramifications are described by Trevor Evans. Ted Nace sets out to investigate criminal behavior within big US corporations. Jay Shaft gives an account of poverty and homelessness after the Bush Gang came to office. While Evans’ assessment is very much based on official statistics, Shaft has invested a lot of effort to go beyond these. His chapter is also remarkable for its compassion for the victims of the Bush gang, which shines through the numbers he reports. Andrew Austin’s and Laurel Phoenix’s chapter on the “Rise of Anti-Environmentalism” demonstrates how the Bush Gang is damaging the common good of all Americans; furthermore, because the US is by far the greatest consumer of global natural resources, its neglect of environmental policy must be seen as yet another act of aggression against the rest of the world.

Part III brings together arguments describing the US as the world hegemon, how it works, and with what consequences. It is introduced by Noam Chomsky’s broad account of US-led wars of terror. In his “Concise History of US Global Interventions,” William Blum documents the overt and covert acts of aggression successive US governments have inflicted on other countries. For a full picture, interventions by means of diplomacy and, especially important, through the IMF and its debt management should be added. Michel Chossudovsky gives an account of world poverty and how it is related to US policies.

The final Part is an attempt to find, after the foregoing desolate analyses, a positive element of resistance: Laurel Phoenix provides an overview of the diverse scenario of dissenting groups and movements.

While this provides a broad view, there is a lot more ground which is impossible to cover in a single book. To mention only some of the issues which could have been included here:

- The real history of the United States, which was always based on aggression, intolerance, and the rule of a small clique who were successful in convincing people that this is democracy, while in fact ruthlessly following their own egoistic interest.
- The changing history of United States—UN relations, from the Anti-Hitler coalition to Richard Perle’s “Thank God for the death of the UN.”
- The intricate relations between the US Treasury, Wall Street, the IMF, World Bank, and WTO.
- The loss of institutional democratic opposition as analysed in Robert Kuttner’s eye-opening article on America as a One-Party State.<sup>26</sup>
- The change in daily life since 9/11 in the experience of ordinary people; the fear created by repeatedly announcing terrorist threats; and the surveillance and intimidation of democratic expression.<sup>27</sup>
- The use made by the US government of propaganda, “public opinion management,” “strategic communication,” and the machinations of the propaganda industries.
- Homeland Security, Patriot Acts 1 and 2, Total Information Awareness, and other attempts to restrict civil liberties, including pressure on other countries to follow the US model.
- Government by presidential Executive Order, or governance without transparency.
- The role of religion in shaping government and public opinion, and how religion becomes distorted to serve the interests of the power cadres.
- The deterioration of public infrastructure including social welfare, education,<sup>28</sup> and health services, as well as public transportation, water, and energy<sup>29</sup> supplies.
- The Pentagon and the military industrial complex having metamorphosed over time to create the most lethal killing institution the world has ever seen.
- The commercial worldview, carried to its extreme in the US, leaving only commercial or exchange value.
- Cultural and linguistic imperialism in its many facets, from advertising via popular music and fast food to fashion, sports and Hollywood movies.<sup>30</sup>

It is easy to see that there is enormous scope for many more urgently needed analyses on the way to a truly comprehensive picture. This

book may encourage others to look beyond single, isolated issues and contribute to a more thorough understanding.

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**Part I**  
**The Power Cadres**



# 1

## The Bush Family Saga— Airbrushed out of History

*William Bowles*

### INTRODUCTION

That a family with so many skeletons in its collective closet could have produced two presidents of the world's most powerful nation should have every last one of us wondering whether the world has gone completely mad. Perhaps it has. This may be the lesson we need to learn from the Bush Family Saga, that far from being an exception to the rule, it *is* the rule because they and the class and "race" they represent write the rules. Most important of all is the fact that the Bush family is not an aberration, but symbolic of the nature of US imperialism and how it came to be.

The cast is huge and the connections vast and complex. Essentially though, in tracking the rise of the Bush family, we track the rise of the American Empire. It is no wonder then that some subscribe to a conspiratorial view of American history, given all the connections. But it doesn't require a conspiracy to explain the enormous power that a handful of families have acquired, merely an understanding of how the ruling class maintains its power in the United States. One thing is clear; today's leaders are yesterday's gangsters and the descendants of the robber barons of turn-of-the-century America. And in a terrible irony of history, the wealth that built the dominant corporations of today's America was built with money made from the opium trade and, as we shall see, the opium trade was instrumental in connecting the grandfather of the current US president with the rich and powerful founders of US capitalism—a connection that not only persists to this day, but one that has been extended into virtually every sector of US business.

Airbrushed out of history: Prescott Bush—The Nazi's American Banker

In April 1999, [the then] Texas Governor George W. Bush proclaimed a week of remembrance for the Holocaust. He said, “I urge Texans to never forget the inhumanity of those who perpetrated the Holocaust, and reflect upon our own humanity and our responsibility to respect all peoples.”

The ability to continually rewrite history is perhaps the greatest “triumph” of modern capitalism, although it would be more accurate to describe it as “airbrushing out” those events that belie how things came to be. And perhaps the greatest of these “triumphs” is the one performed on the Bush family (although by no means restricted to them), a family that has for the better part of the twentieth century and into the twenty-first, with the able assistance of the corporate media, managed to hide its ignominious past from the public gaze.

In 1823 Samuel Russell founded Russell and Company in order to smuggle opium into China. Russell’s head of operations in Canton was Warren Delano Jr, grandfather of Franklin D. Roosevelt, a connection that was to play an important role in the Bush family fortunes, and indeed in the fortunes of the leading industrial corporations such as General Motors, Standard Oil and others, decades later.

Samuel Russell’s cousin, William Huntington Russell, founded an alumni association at Yale University in 1832, the Skull & Bones (S&B) alumni, which Prescott Bush, grandfather of the current president, was to join in 1917. Other members include founders of the leading corporations of the time, including Percy Rockefeller (1900) of Standard Oil; Avril Harriman (1913) of Brown Brothers, Harriman banking; Frederick Weyerhaeuser (1896), paper; three generations of Kelloggs; Alfred Vanderbilt (1899)—a veritable Who’s Who of corporate America. Other connected corporations whose founders or corporate bosses attended Yale and belonged to S&B include the founder of Dresser Industries (now part of the Halliburton empire), the Trust Bank of New York, and The Guarantee Bank. Other members of S&B over the past century and more include the key individuals who helped shape US foreign and domestic policy for the entire twentieth century: McGeorge, Hollister, and William Bundy (the Manhattan Project, the CIA, and the Vietnam war respectively); Archibald Coolidge, son of the founder of the United Fruit Company and co-founder of the Council on Foreign Relations; Henry Stimson, Hoover’s secretary of state and later secretary of war for both Presidents Roosevelt and Truman; Dean Acheson, chief architect of the Cold War doctrine—the list goes on. In the context of the Bush family, however, from the beginnings of modern corporate capitalism, financial and political links were established

between US and German corporations which were to play a central role in the development of international relations for the rest of the twentieth century.<sup>1</sup>

Whilst at Yale, Prescott Bush formed strong friendships with several key people, including Samuel Pryor, owner of the Remington Arms company, and Avril Harriman, whose father, railroad baron E. H. Harriman, gave Avril an investment firm, W. A. Harriman and Company. E. H. hired George Herbert Walker, Prescott Bush's future father-in-law (after whom George Bush Sr is named) the job of running the firm. This set in motion a chain of events that was to continue for the next 90 years.

By 1922 Harriman & Co. was set to expand, and a branch was established in Berlin, where Herbert Walker met Fritz Thyssen, son of the owner of Thyssen and Company, August Thyssen, the main supplier of weapons to the German war machine. Following the crippling postwar settlement, Thyssen was in deep financial trouble. Seeing the writing on the wall, he took steps to protect the family fortune by establishing Bank voor Handel en Scheepvaart in Rotterdam, a bank that was later to play a significant role during and after WWII in protecting the Thyssen family fortunes—with Bush family help.

It has to be remembered that throughout this period German capitalism was “on the rocks,” with the German state under threat from a potential socialist revolution. At the end of the war, the country was effectively bankrupt, unemployment was rife, and there were workers' uprisings in Berlin and other cities which were brutally suppressed by the WWI “hero” General Erich Ludendorff, for which the Thyssens and other big capitalists were, of course, eternally grateful. It was through Ludendorff that the Thyssens met Adolf Hitler, who was, according to Ludendorff, “the only man who has any political sense.” Fritz Thyssen eventually met Hitler, and the Thyssens, along with other leading industrialists, funded the nascent Nazi Party with its anti-union, anti-communist agenda. However, the party's failed 1923 *coup d'état* resulted in Hitler's imprisonment and (temporary) “fall from grace” with big German capital.

Meanwhile, the meeting between Avril Harriman and Fritz Thyssen resulted in the creation of a US banking operation, jointly owned by Harriman & Co. and the Thyssen family. Set up in 1924, the Union Banking Company (UBC) cemented the economic—and later political—relationship between German and US capital. Occupying the same building as Harriman & Co. at 39 Broadway in New York City, UBC was to become the pivotal connection that led to the relationship between the Bush family and the Nazi Party. It also became the “model”

for the relationship that was to emerge in the 1930s between big business under Nazi rule and the mainly pro-Fascist (and anti-Semitic) leaders of the major US corporations.

By the mid-to late 1920s, with the threat of a socialist revolution receding and an economic recovery underway, there were rich pickings to be had by investors, including US businesses, and from which Herbert Walker and Avril Harriman did very well, generating an estimated \$50 million for its investors. In 1926 the Thyssen company joined forces with another major industrial family, the Flicks, and formed the United Steel Works (USW). The Flick industrial empire also owned coal and steelworks in Poland. Via the UBC connection, the USW combine brought Herbert Walker on board to manage the new enterprise, and he in turn brought in Prescott Bush to supervise the Thyssen/Flick Polish operations (the Consolidated Silesian Steel Corporation and the Upper Silesian Coal and Steel Company). These two corporations between them owned the bulk of Polish steel and coal production which was to play such a crucial role in the Nazi military machine as well as in the use of slave labor through the Auschwitz concentration camp which was located near the UBC and USW plants.<sup>2</sup>

In 1928, the Nazi Party, strapped for cash and badly in need of funds, approached Fritz Thyssen once again for support, support that Thyssen gave through Bank voor Handel en Scheepvaart, estimated to be around \$2 million at today's prices, and in any case enough to finance the purchase and renovation of Hitler's new headquarters, Barlow Palace in Munich.

The 1929 Wall St Crash badly affected the Harriman banking operation and in 1930 Harriman Banking merged with the British bank Brown/Shipley and became Brown Brothers/Shipley. Harriman and Prescott Bush established a new operation, Harriman 15 Corporation, and it was through this new holding company that Prescott Bush came to own stock in USW through its shareholding in Consolidated Silesian Steel Company, with-two thirds owned by Friedrich Flick and the rest by Harriman 15 Corp.

The business/political links established at this time were to last through to the post-WWII period and included not only the UBC/USW connection but also the "commanding" heights of US capital, which embraced Standard Oil, General Motors, the Ford Motor Company, IBM, Alcoa, DuPont, and ITT. All had economic and political relations with German capital, including cross-ownership of industrial plants, not only in Germany but also in what was to become occupied Europe. Indeed, the last thing US capitalism wanted was for the war "to get in the way of doing business," something that has persisted to this day.

The relationship that perhaps best illustrates the connections between US and German capital and the Bush family's hidden role is that of the Consolidated Silesian Steel Corporation and the Upper Silesian Coal and Steel Company and the establishment of the Auschwitz concentration camp close by the coal plants. This was no accident as they were able to draw on a constant supply of slave labor.

Following Hitler's conquest of Europe, Consolidated Silesian Steel was sold outright to Union Banking Corporation and became the Silesian American Corporation managed by Prescott Bush. Its plants continued to supply the Nazi war machine. It was not until 1942 that the US government took action against Union Banking, but Prescott Bush was never prosecuted for "trading with the enemy":

On October 20, 1942, the US Alien Property Custodian, under the Trading With the Enemy Act, seized the shares of the Union Banking Corporation (UBC), of which Prescott Bush was a director and shareholder. The largest shareholder was E. Roland Harriman. (Bush was also the managing partner of Brown Brothers Harriman, a leading Wall Street investment firm.)

Among the companies financed was the Silesian-American Corporation, which was also managed by Prescott Bush, and by his father-in-law George Herbert Walker, who supplied Dub-a-Ya with his name. The company was vital in supplying coal to the Nazi war industry. It too was seized as a Nazi-front on November 17, 1942. The largest company Bush's UBC helped finance was the German Steel Trust, responsible for between one-third and one-half of Nazi iron and explosives.<sup>3</sup>

What is important to note here is that the Bush/Harriman/Nazi connection was by no means exceptional; the same holds for most of the top US corporations of the period of which the following examples are typical:

Just after the war erupted in Europe, Standard Oil [now Exxon] sent Frank Howard, a vice-president, to meet Fritz Ringer, a representative of I. G. Farben, at The Hague on September 22, 1939. The two men drew up an agreement, known as the Hague Memorandum, that specified they would remain in business together "whether or not the United States came into the war."<sup>4</sup>

And what held true for Standard Oil also held for the Ford Motor Company:



[Hermann] Goering assured a director of the German Ford subsidiary, Carl Krauch (also with I. G. Farben), that, “I shall see to it that the German Ford Company will not be incorporated into in the Hermann Goering Company ... Thus, we succeeded in keeping the Ford Works working and operating independently of our [the German] government’s seizure.”<sup>5</sup>

Goering also assured General Motor’s president, William Knudsen, in 1933 that “there would be no German annexation of GM’s operations in Germany.”<sup>6</sup> By the mid-1930s, General Motors were committed to full-scale production of trucks, armored cars, and tanks in Nazi Germany.

Nazi tanks and bombs “settled” this dispute in September, 1939 with the invasion of Poland, beginning World War II. The Nazi army had been equipped by Flick, Harriman, Walker and Bush, with materials essentially stolen from Poland.<sup>7</sup>

Comparable arrangements were made between ITT, DuPont, IBM, and Alcoa and their German subsidiaries which continued to manufacture products and materials vital to the German war machine. In some instances, the supply of critical matériel continued throughout the war, including strategic aircraft lubricants to the Japanese and aluminum to the Germans. None of the leaders of these giant US corporations was ever prosecuted for their role in supplying the German and Japanese war effort. John Loftus, former US Department of Justice Nazi War Crimes prosecutor, had this to say about Prescott Bush and his relationship to the Nazis:

From 1945 until 1949, one of the lengthiest and, it now appears, most futile interrogations of a Nazi war crimes suspect began in the American Zone of Occupied Germany... [The interrogation of] [m]ultibillionaire steel magnate Fritz Thyssen—the man whose steel combine was the cold heart of the Nazi war machine.

They were trying to find out what had happened to Thyssen’s billions but without success. Why?

What the Allied investigators never understood was that they were not asking Thyssen the right question. Thyssen did not need any foreign bank accounts because his family secretly owned an entire chain of banks. He did not have to transfer his Nazi assets at the

end of World War II, all he had to do was transfer the ownership documents—stocks, bonds, deeds and trusts—from his bank in Berlin through his bank in Holland to his American friends in New York City, Prescott Bush and Herbert Walker. Thyssen's partners in crime were the father and father-in-law of a future President of the United States. ...

The British and American interrogators may have gravely underestimated Thyssen but they nonetheless knew they were being lied to. Their suspicions focused on one Dutch Bank in particular, the Bank voor Handel en Scheepvaart, in Rotterdam.

If the investigators realized that the US intelligence chief in postwar Germany, Allen Dulles, was also the Rotterdam bank's lawyer, they might have asked some very interesting questions. They did not know that Thyssen was Dulles' client as well. Nor did they ever realize that it was Allen Dulles' other client, Baron Kurt von Schroeder, who was the Nazi trustee for the Thyssen companies which now claimed to be owned by the Dutch. The Rotterdam Bank was at the heart of Dulles' cloaking scheme, and he guarded its secrets jealously. ...

The enormous sums of money deposited into the Union Bank prior to 1942 are the best evidence that Prescott Bush knowingly served as a money launderer for the Nazis. Remember that Union Bank's books and accounts were frozen by the US Alien Property Custodian in 1942 and not released back to the Bush family until 1951. At that time, Union Bank shares representing hundreds of millions of dollars' worth of industrial stocks and bonds were unblocked for distribution. Did the Bush family really believe that such enormous sums came from Dutch enterprises? One could sell tulip bulbs and wooden shoes for centuries and not achieve those sums. A fortune this size could only have come from the Thyssen profits made from rearming the Third Reich, and then hidden, first from the Nazi tax auditors, and then from the Allies.<sup>8</sup>

The money, about \$1.5 million made from the proceeds of Thyssen's laundered Nazi fortunes, was handed out to Prescott Bush's family, effectively setting them up in business.<sup>9</sup> But most important of all, it was the political and economic connections that they inherited from Prescott, connections that have enabled the Bush family to evolve into a veritable dynasty, a dynasty based on oil and its Middle Eastern/Iranian connections, the "intelligence community" that has its origins in the Vietnam war that extended into the illegal operations conducted by the CIA, including smuggling heroin from the "Golden Triangle," through to the "guns for drugs" operations that were at the core of the Iran/

Contra operations and the US' illegal "low-intensity war" conducted against the Sandinista government of Nicaragua.

The history of the Bush family illustrates something very profound about the nature of capitalism—its opportunistic character hidden beneath the guise of patriotism, democracy, or whatever label is suitable to the occasion. Prescott Bush's links to German Fascism have been mirrored in the post-WWII period by successive US governments and their relationships with dictatorships that, on the one hand, the US government was instrumental in bringing to power and, on the other, by the public pronouncements made about the nature of these dictatorships, most often justified by the "war against communism." A double standard operated throughout these relationships, whether it was with the Shah of Iran, or the innumerable dictatorships of Central and South America, Africa, and the Middle and Far East. George Bush Sr, son of Prescott Bush, personified this relationship as does his son George W. Bush. George Bush Sr was head of the CIA and George Bush Jr had close connections with the Agency. Under their tutelage, the CIA has engaged in the overthrow of governments deemed hostile to US interests and in the furtherance of US strategic interests. The CIA and other organs of the US state have formed relationships with organized crime that involved money laundering, assassinations, and international smuggling operations too numerous to mention here.

### THE POSTWAR PERIOD

Prescott Bush's Nazi-based fortunes enabled him to set up George Bush Sr in business—the oil business of course—and it's through these connections in Texas and Oklahoma that George Sr continued along the same trajectory as his father. And once more, the network of connections built over the preceding decades kicked in. One of them was Ray Kravis, who arrived in Texas in 1925 and quickly amassed a fortune made from oil. Kravis also managed the Kennedy family fortunes (made from bootlegging). Prescott lined up a job for George Sr and as a back-up, asked another connection, Henry Neil Mallon, who was president and chairman of the Board of Dresser Industries (now owned by Halliburton), manufacturer of oil well drilling equipment. Dresser had been incorporated in 1905 by Solomon R. Dresser, but had been bought up and reorganized by W. A. Harriman & Company in 1928–29. George Sr however, turned down Kravis's "offer" and went to work for Dresser in Cleveland, Ohio.

Whilst working for Dresser, George Sr met John Overbey, what they call a "landman," someone who identifies potential oil sites and

hopefully leases the plot for a pittance and in return for a fee, sells the lease to an oil company, or for a royalty arrangement on any oil discovered. Bush Sr and Overbey established Bush–Overbey and through George’s connections the money poured in. By 1953 almost \$2 million (a considerable part of which coming from Bush’s British connections, including \$500,000 from the then director of the Bank of England<sup>10</sup>) had been invested and the company changed its name to Zapata Petroleum. Although the company never made a vast fortune, and for some years reported a loss, the value of Bush’s shares rose. In 1954, again utilizing Prescott Bush’s connection as a US Senator, Bush and his partners formed Zapata offshore to exploit the newly released offshore mineral rights. Zapata was never a money-making concern, but nevertheless Bush was able to roll over debts and line up more credit. The speculation is that Zapata was a “cover” for US intelligence operations and, given the geographical location of its operations (the Gulf of Mexico and its Cuban connections), and the fact that the company made little or no money, it could still get millions invested into its operations.

### BUSH JUNIOR AND BUSH SENIOR—THE CIA YEARS

The current Bush administration is the culmination of a process that has its origins in the post-WWII period and the rise of the Cold War. It also represents the central importance of oil and the related military-industrial complex which, as we have seen, has its roots in the US–German industrial axis formed during the early years of the twentieth century. It is therefore no accident that George Bush Sr was made director of the CIA under the Reagan administration, for he brought with him a range of connections that made him indispensable to Reagan’s foreign policy.

The Bush’s business network also has connections to the government and the two are interchangeable. From the days of Prescott Bush through to the current president, corporations, private institutions, and government departments have evolved into a network: banking, transportation, oil, weapons, communications, “think tanks,” the Department of Defense, the State Department, the White House, the CIA. What is important is the intimate link between business and government, something that goes back to the foundations of modern US capitalism.

To take just one example, Prescott-Harriman-G. W. H. Bush and George Jr, the connections made in the 1930s between Dresser Industries and the Harriman Bank that carried on through Dresser’s connections

to the “Five Sisters” (the five largest oil companies) and in turn to companies that were later to play a central role in carrying out the Bush doctrine, in which Halliburton and Carlyle were so important. Bush Sr and Bush Jr both had oil companies and not particularly successful ones at that, but what was important were their government connections which enabled them to carry through their policies. In turn, Halliburton bought Dresser, which had already changed hands.

In turn this led to the manner in which private business was greased by oil as the US brokered a deal with the Saudis which gave them military access to the Gulf and Halliburton got \$1 billion deal to build Saudi’s military and Bush’s friends in the oil business did deals with the sheikhs.<sup>11</sup>

It might be said that the Bush presidencies are the culmination of a process that has been a century in the making. For in one way or another, *there’s not a single US president in the twentieth century whom the Bush family has not had a direct connection to through one or more relationships.*

The better known associates of the Bush family are those in government, but as presidencies have come and gone, a core group has either remained in the Federal government or moved out into those areas of the corporate world to which they were the closest, then often returning to government, bringing with them even more connections. The process, of course, has been accelerated and transformed by all the mergers and acquisitions that have taken place over the past 20 years. It’s why a single company like Halliburton can end up playing such a crucial role in government policy and illustrates what happens to the state when it effectively gets privatized and falls into the hands of a few corporations, ideologies, and vested interests like the military establishment.

Halliburton is actually a collection of already giant corporations that straddle the economic-political bridge and includes oil, its extraction, transport and distribution; and privatized defense, which includes servicing the armed forces, supplies, mercenary forces, training, logistics, communications, and so forth. It has close connections to Carlyle, which is no more than an investment banking concern that “does business” in all the places that Halliburton, Boeing, Grumman *et al.* do. They all sup at the same table—on government contracts.

Collectively, all shared links in the Middle East either through oil (Saudi Arabia) or the CIA in Iran, starting in the 1950s with the overthrow of Mohammed Mossadegh and the installation of Reza Pahlani as the Shah, which in turn came down to oil and the Cold War:

Taking the CIA helm in January 1976, Bush cemented strong relations with the intelligence services of both Saudi Arabia and the Shah of Iran. He worked closely with Kamal Adham, the head of Saudi intelligence, brother-in-law of King Faisal and an early BCCI insider.<sup>12</sup>

## BUSINESS CONNECTIONS

### **The Savings and Loans scandal**

In trying to document the innumerable illegal dealings of the various members of the Bush family it's all too easy to provide a simple "list," but what becomes apparent after even the most perfunctory investigation is a network of relationships that unites the past 40 or so years of Bush family involvement in a series of events, with each piece in the jigsaw linked by one thing: US foreign and domestic policy and business interests. To quote Gary W. Potter of Eastern Kentucky University:

To some, the savings and loan (S&L) scandal of the 1980s is "the greatest ... scandal in U.S. history" (Thomas, 1991: 30). To others, it is the single greatest case of fraud in the history of crime (*Seattle Times*, June 11, 1991). Some see it as the natural result of the ethos of greed promulgated by the Reagan administration (Simon and Eitzen, 1993: 50). To others, it was a conspiracy to move covert funds out of the country for the CIA (Bainerman, 1992: 275).

S&Ls were living, breathing organisms that fused criminal corporations, organized crime and the CIA into a single entity that served the interests of America's political and economic elite.<sup>13</sup>

A number of S&Ls including First National Bank, Palmer National Bank, Indian Springs Bank, Vision Banc Savings, Sunshine State Bank, were used to funnel money as part of the illegal funding of the Nicaraguan Contras, funding that was paid for through the sale of cocaine and involved the CIA "asset" Manuel Noriega, former strongman of Panama, now languishing in solitary confinement in a US federal prison, and the Colombian drug cartels.<sup>14</sup> Jeb Bush, second son of George Bush Sr, was the one of the connections

to Miami Contras and right-wing anti-Castro Cuban-Americans. In the mid-1980s, he took contributions to the Miami Republican Party from Leonel Martinez who was arrested in 1989 and later convicted of bringing 300 kilos of cocaine into the U.S.

Jeb was also connected to the drug money laundering scandal of the CIA-linked the Bank of Credit and Commerce International, in 1986–1987.

In the mid-1980s, Jeb worked for businessman Miguel Recarey, Jr. whose mafia links went back 20 years. During the 1980s, Recarey is thought to have embezzled \$100 million from Medicare through his Miami-based company, International Medical Centers, which also treated wounded Contras at its Florida hospital.

When the Bush administration bailed out Broward Federal S & L in 1988, for \$285 million in bad loans, Jeb and partner Armando Cordina (leader of the right-wing Cuban American Foundation) didn't have to repay their \$ 4.1 million loan.

Jeb successfully lobbied Dad in 1990 for the release from jail of Orlando Bosch, who fired a bazooka at a Polish freighter in the Miami harbour in 1968 and master-minded the explosion of a Cuban airliner killing 73 people over Barbados in 1976.<sup>15</sup>

And so, too, with Neil Bush, third son of George Bush Sr:

Between 1985 and 1988, Neil was also a director of Silverado Banking Savings and Loan in Denver, Colorado. Silverado lent over \$200 million to Good and Walters. Neil did not disclose his connections to Good and Walters, when—as a Silverado director—he voted to grant them the loan. Good raised Bush's JNB salary from \$75,000 to \$125,000 and gave him a \$22,500 bonus. In total, Bush received \$550,000 in salaries from Walters and Good. Neil also received a \$100,000 loan from Good that was later forgiven.

In 1990, Federal regulators filed a \$200-million lawsuit against Neil and other officers of Silverado Banking. Regulators determined that Neil was completely dependent on Good and Walters for his income. An expert hired by regulators said Neil suffered from an “ethical disability.”

In 1990, Neil was reprimanded by the U.S. Office of Thrift Supervision for “multiple conflicts of interest” and ordered to pay \$50,000. Neil's \$250,000 legal bill was paid by a legal defense fund formed by Thomas Ashley, a friend of Neil's father.<sup>16</sup>

### **Ignite!**

This may be small fry by comparison with all the other Bush clan scams, but nevertheless Ignite! Learning has made Neil Bush \$20 million over the past three years, largely through a contract with Florida State Education Authority, where his brother Jeb is governor.<sup>17</sup> Not bad

for a guy who ran Silverado S&L into the ground. With accusations of nepotism flying around, especially now that Neil is trying to get the Florida school system to buy into his learning software (at \$30 a pop per student per year), it's no wonder. Connected is the wholesale privatization of state services, which opens such areas as education to the predations of people like Neil Bush and indeed, the whole issue of influence peddling and nepotism.

Yet the S&L scandal, which cost the US taxpayer an estimated \$3 trillion, was merely one facet of an international network needed to move vast sums of money around the world and involved the biggest crash in banking history, the Bank of Credit and Commerce International (BCCI), which is still the object of legal actions. BCCI was the de facto CIA bank for laundering the billions of dollars needed to mount its international operations.

### **The Bank of Credit and Commerce International**

The mosaic of BCCI connections surrounding Harken Energy may prove nothing more than how ubiquitous the rogue bank's ties were ... But the number of BCCI-connected people who had dealings with Harken—all since George W. Bush came on board—likewise raises the question of whether they mask an effort to cozy up to a presidential son.<sup>18</sup>

George Bush Sr's position as head of the CIA under Reagan and his connections to oil, the anti-Castro Cubans, the Nicaraguan Contras and the Iran hostage crisis of 1979 had a common element: BCCI. BCCI was the bank of choice for the CIA and the innumerable "proprietary" that the CIA operated which included airlines (e.g. Air America) and an unknown number of front companies utilized for illegal arms deals, spying, and mercenary operations spanning the planet, but that have their genesis in the Vietnam war where, following the defeat of the French at the hands of the Viet Minh, found the US, via the CIA, taking over the drug smuggling operations initiated by the French intelligence services.<sup>19</sup>

The BCCI saga is still on-going. Suffice it to say that aside from illegal money-laundering deals that revolved around drugs for guns, the other major use of BCCI (as well as the Nugan Hand and Banco Nazionale Del Lavoro (BNL) or the Vatican Bank, both of which were also used for moving CIA and drug money) was the financing of a variety of illegal operations that required "plausible deniability" on the part of the US government.



The BCCI–Bush connection is, it could be argued, an “accidental” one, but it’s highly unlikely even if it is difficult to track. Nevertheless the seeds are all there, including George Sr’s CIA connection (as head of it) in the 1970s and the links to BCCI as well as his long association with James R. Bath, an investor in Arbusto. Bath, a Houston businessman and old friend, was also an investor in BCCI (and on the board of BCCI). BCCI was a convenient “channel” for moving money to fund the various illegal enterprises being undertaken at the time, including Iran/Contra, the Iranian arms sales, CIA money-laundering operations, connections to powerful Middle Eastern businessmen, the Vatican and its right-wing connections through BNL:

BCCI defrauded depositors of \$10 billion in the '80s in what has been called the “largest bank fraud in world financial history” by former Manhattan District Attorney Robert Morgenthau.<sup>20</sup>

Perhaps this extract from Texas Connections gives you an idea of the reach:

Sheikh Abdullah Bahksh of Saudi Arabia, a 16% shareholder in Harken Energy at the time, was represented by a Palestinian-born Chicago investor named Talat Othman, who served with George W. Bush on the board of Harken Energy. Othman made at least three separate visits to the White House to discuss Middle East affairs with then President George Bush. At about the same time, and just prior to the Gulf War, Harken Energy, with no previous international or offshore drilling experience, was awarded a 35-year petroleum exploration contract with the emirate of Bahrain.

Sheikh Bahksh emerged as a co-investor in the Bank of Commerce and Credit International (BCCI), a criminal enterprise since dissolved, that existed primarily as a mechanism for obtaining political influence using Middle Eastern oil money. Bahrain’s prime minister, Sheik Khalifah bin-Sulman al-Khalifah, was a major investor in BCCI’s parent company, BCCI Holdings, of Luxembourg. Through its commodities affiliate, Capcom, BCCI was used as a money laundering service by drug traffickers, arms dealers, etc. BCCI’s front man in the U.S., and the person chiefly responsible for its takeover of First American Bank in the U.S., was Kamal Adham. Adham is referred to in the Kerry Committee report on BCCI as having been “the CIA’s principal liaison for the entire Middle East from the mid-1960’s through 1979.” He was also the head of intelligence for Saudi Arabia during the time George Bush Sr. was Director of the CIA.<sup>21</sup>

### **Arbusto Oil, the Carlyle Group and the bin Laden Connection**

Oh what a tangled web we weave. Salem bin Laden, one of 57 children their father Mohammed sired with his twelve wives, and Bush were founders of the Arbusto Energy oil company in Texas. Salem bin Laden—like his father—died in a plane crash but not before the Arbusto Energy Oil Company, founded in 1978, had become hugely successful. Later, Spectrum 7 Corp bought out Arbusto (now called Bush Exploration Co.). In 1986, with the company on the verge of bankruptcy, it was purchased by Harken, and even though Bush Exploration Co. had debts of \$3 million, Harken paid Bush \$2 million for his stock.

Time magazine described Bath in 1991 as “a deal broker whose alleged associations run from the CIA to a major shareholder and director of the Bank of Credit & Commerce.” BCCI, as it was more commonly known, closed its doors in July 1991 amid charges of multi-billion-dollar fraud and global news reports that the financial institution had been heavily involved in drug money laundering, arms brokering, covert intelligence work, bribery of government officials and—here’s the kicker—aid to terrorists.<sup>22</sup>

There are so many connections between the Bushes, the “defense” establishment and the global trade in arms that the mind boggles. That it barely gets a mention in the mainstream media (except, of course, occasionally simply to “report” it) is a scandal of the grandest proportions. But it only goes to show the power of big business and the political class they have installed in both the US and the UK (after all, John Major former British prime minister is employed by the Carlyle Group, and BAE Systems, the major arms supplier to the UK, is part-owned by Carlyle). Not only do the connections beggar belief, but the sheer hypocrisy of the Bush government should put it in a new category in the *Guinness Book of Records*. The Bush family tentacles extend to many of the armed conflicts going on in the world. There’s no business like war business!

### **THE CARLYLE GROUP AND GOVERNMENT: A REVOLVING DOOR RELATIONSHIP**

On the morning of September 11, 2001, Frank Carlucci (Reagan’s secretary of defense), former secretary of state James Baker III, and representatives of the bin Laden family were attending a board meeting of the Carlyle Group at the Ritz-Carlton in Washington, DC.

The Carlyle Group is a private equity corporation with some \$12–14 billion in assets. Aside from being the nation's eleventh largest defense contractor and a force in global telecommunications, it has investors in major banks and insurance companies, billion-dollar pension funds and wealthy investors from Abu Dhabi to Singapore. It also owns health care companies, real estate, internet companies, a bottling company, and *Le Figaro*, the French newspaper. There are five central players in the “revolving door” between business and government: George Bush Sr and George Jr, Secretary of Defense Donald Rumsfeld, James Baker III, Vice President Dick Cheney and Frank Carlucci:

“Carlyle is as deeply wired into the current administration as they can possibly be,” said Charles Lewis, executive director of the Center for Public Integrity, a nonprofit public interest group based in Washington. “George Bush is getting money from private interests that have business before the government, while his son is president. And, in a really peculiar way, George W. Bush could, some day, benefit financially from his own administration's decisions, through his father's investments. The average American doesn't know that and, to me, that's a jaw-dropper.”<sup>23</sup>

The Bush–Carlyle connection also has less well-known links that are connected directly to the current “war on terror”, including major investments in South Korea, which include KorAm Bank and telecommunication's company Mercury.

But it is the bin Laden–Saudi connection that attracts the most interest. A Carlyle-owned company trains the Saudi Arabian National Guard. Carlyle also advises the Saudi royal family on the Economic Offset Program, designed to encourage foreign investment in Saudi Arabia. And after the 9/11 attacks, reports surfaced of Carlyle's involvement with the Saudi bin Laden Group, the \$5 billion construction business run by Osama's half-brother, Bakr. The bin Laden family invested \$2 million in the Carlyle Partners II fund, which includes in its portfolio United Defense and other defense and aerospace companies. Following 9/11, the bin Laden Group purportedly severed its connection with Carlyle, but Carlyle continues to maintain its many and diverse business relationships with Saudi Arabia.

Corporations such as Carlyle have really come into their own with the wholesale privatization of government under Bush Jr based on the connections that extend back to the 1980s and earlier, of which Carlyle is the best known but by no means the only result of two decades of “neoliberal” economic policy. Carlyle personifies the symbiotic

relationship between politics and business with the Bush family as well as the connection with those in the various branches of government who decide on policy and who are also connected to the Bushes. These include Richard Perle, the “Prince of Darkness,” who in turn sits on the boards of major corporations, including Hollinger International, the giant media corporation. Perle, one of a handful of influential “neo-con advisors” to the current Bush administration with strong connections to the Israeli right wing, is yet another facet of Bush’s Middle East strategy.

### **Enron connection**

The Bush–Enron connection started in 1988 when George Bush Jr first met Kenneth Lay, former chairman of Enron. Bush Jr lobbied the Argentine government on behalf of Enron for a multi-million dollar gas pipeline deal, which had already been rejected by the government of Raul Alfonsin. The pipeline was approved by the succeeding administration of President Carlos Saul Menem, leader of the Peronist Party and a friend of President Bush Sr:

George W. was an active player in his father’s 1988 election campaign, which was also heavily funded by Lay, Enron and Enron executives. George H. W. Bush’s campaign finance chairman Robert Mosbacher, who worked intimately with the younger Bush, became an Enron board member in December 1987, more than a year before the elder Bush became president and eight years before W. made Lay’s acquaintance.<sup>24</sup>

Enron was Bush Jr’s single biggest campaign contributor, with over three-quarters of a million dollars over an eight-year period, including donations for Bush Jr’s campaign for the Texas governorship. Moreover, over half of Bush’s major campaign contributors had links to Enron, including Morgan-Stanley (banking and originally a Prescott Bush connection, though then known by another name). Other companies are Anderson Consulting, Crédit Suisse, First Boston, Citigroup’s Salomon Smith Barney, and Bank of America.<sup>25</sup>

Neil Bush also performed services on behalf of Enron, in his case in Kuwait. In 2002 when the Enron bubble burst, the Bush administration claimed that it did nothing to assist the company but the facts belie this:

[Bush’s] Treasury Secretary O’Neill was aware of Enron’s impending collapse and did nothing to warn or protect the stockholders. A

man so intimate with Wall Street, and with Kenneth Lay, could not have missed the disparity between Enron's stock value and the dire financial news he was getting from Enron's chairman. Rather than perform the duties of his office and step in to protect the thousands of Americans who would lose their life savings within the capital market that deserved and expected his guidance, O'Neill chose only to inform Mr. Bush and then remain silent. This was a dire breach of the clearly stated requirements of his position, one that cost a lot of people a lot of money.<sup>26</sup>

Moreover, the Bush administration did everything in its power to stave off the impending collapse, with Bush personally intervening to stop caps on the soaring price of electricity in California (brought about by Enron's manipulation of the supply of electricity). In addition, Bush granted Kenneth Lay broad influence over the administration's energy policies, including the choice of key regulators to oversee Enron's businesses.<sup>27</sup>

Enron and Bush personify the era of "funny money," that is, profits based on currency speculation, asset-swapping, buy-outs, the "dot com" boom (and subsequent bust) of course and, most importantly, the drive to deregulate the energy industry, once more highlighting the symbiosis between business and government policies—policies that guaranteed billions of dollars in profits at the expense of the public in what amounts to grand larceny and which has left the US with the biggest national debt in its history and many of the states on the verge of bankruptcy.

### **International Medical Centers: The Jeb Bush connection**

Miguel Recarey's International Medical Centers faced pressure in 1985 to comply with the "50-50" rule, which prohibits certain HMOs from having more than half of its customers on Medicare. According to Recarey, the middle son of then-Vice President Bush called Health and Human Services Secretary Margaret Heckler (meanwhile, IMC paid Bush's company a \$75,000 "real-estate consultant" fee). Former HHS [Health & Human Services] chief of staff McClain Haddow says Bush's call gave IMC a waiver to the 50-50 rule, and Recarey allegedly bilked \$200 million in Medicare funds while leaving 150,000 seniors without coverage. Jeb Bush, the GOP loser in Florida's 1994 governor's race, denies calling Heckler.<sup>28</sup>

This is a murky story with connections to the Nicaraguan Contras, the Mafia, Cuban-American terrorists, Iran/Contra, bribery and corruption,

cover-ups, and the CIA. Essentially, IMC was contracted to give medical assistance to the Nicaraguan Contras, but the story is in fact a lot more complex and gives you some idea of just how interconnected events really are when you're dealing with the Bush clan:

Cuban exile Miguel Recarey, who ... earlier assisted the CIA in attempts to assassinate President Castro.

Recarey ... employed Jeb Bush as a real estate consultant and paid him a \$75,000 fee for finding the company a new location, although the move never took place, which raised questions at the time. Jeb Bush did, however, lobby the Reagan/Bush administration vigorously and successfully on behalf of Recarey and IMC. "I want to be very wealthy," Jeb Bush told the *Miami News* when questioned during that period.

In 1985, Jeb Bush acted as a conduit on behalf of supporters of the Nicaraguan contras with his father, then the vice-president, and helped arrange for IMC to provide free medical treatment for the contras.

Recarey was later charged with massive Medicare fraud but fled the US before his trial and is now a fugitive.

Most controversially, at the request of Jeb, Mr Bush Sr intervened to release the convicted Cuban terrorist Orlando Bosch from prison and then granted him US residency.

According to the Justice Department in George Bush Sr's administration, Bosch had participated in more than 30 terrorist acts. He was convicted of firing a rocket into a Polish ship which was on passage to Cuba. He was also implicated in the 1976 blowing-up of a Cubana plane flying to Havana from Venezuela in which all 73 civilians on board were killed.<sup>29</sup>

The Bush-Cuban connection is central to an understanding of the later involvement with the Nicaraguan Contras, for both involved organized crime and the use of mercenary armies. In Cuba it was the protection of gambling and prostitution (in the pre-Castro days), and with the Contras it was the drugs that paid for the illegal supply of weapons to the Nicaraguan Contras.<sup>30</sup> Both connections proved useful, the first in the attempts to overthrow the Castro government, the second, to remove the Sandinistas. In both instances, it meant breaking the law in order to pursue a foreign policy. The IMC proved to be a useful front, one of many used by the CIA.

In Florida, Jeb Bush (then head of the Dade County Republican Party) operated as the Republican administration's unofficial link with

Cuban exiles, the Contras and Nicaraguan exiles in Miami. During this period, Jeb also aligned with Leonel Martinez, a Miami-based, right-wing Cuban-American drug trafficker associated with Contra dissident Eden Pastora (who was later assassinated by an alleged CIA operative based in Costa Rica). Jeb forged business ties with Contra supporter Miguel Recarey, a right-wing Cuban and major contributor to PACs controlled by then Vice President George Bush Sr.<sup>31</sup>

The network extends in many directions, but with the Bush family at the center of the web. The common links are: the CIA, drugs, anti-Castro Cubans, money-laundering operations, gun-running and a plethora of “front” organizations, many of which are still in operation today but now operating in the “war on terror.”

### MARVIN BUSH AND THE KUWAITI CONNECTION

Marvin P. Bush, brother of President Bush Jr, is the founder (1993) and managing partner of a private investment company, Winston Partners Group of Vienna, Virginia. He is also the managing general partner of Winston Growth Fund, LLP, Winston International Growth Fund, LP, and Winston Small Cap Growth Fund, LP—all related companies.

Before this, he spent twelve years in the investment business with the firms of Mosley, Hallgarten, Estabrook and Weeden, Shearson Lehman Brothers, and John Stewart Darrel & Company.

In January 1998, Marvin was appointed to the Board of Directors of the Fresh Del Monte Produce company, the giant fruit company that makes the canned goods we buy in our supermarkets. Del Monte is owned by a very wealthy family from Kuwait, the Abu-Ghazaleh family. Mohammed Abu-Ghazaleh is the CEO and he has several family members on the Board alongside Marvin. Another member of the Fresh Del Monte Board of Directors is Stephen Way, a major Bush fundraiser. Way is the head of the Houston-based HCC Insurance Holdings Company. In early 2000, Way arranged the appointment of Marvin Bush to the Board of Directors of HCC. In that transaction, Marvin secured not only a very large salary, but also a sweet stock option deal.<sup>32</sup>

HCC was one of the insurers of the World Trade Center and the major investor in HCC is Kuam Corporation. Marvin was also named to the Board of Directors of the Stratesec Company, another large, publicly traded firm that handled security for the World Trade Center. Virginia-based Stratesec is a provider of high-tech security systems. Two of the other major customers for which they provide security are Dulles International Airport in Washington, DC and the Los Alamos

National Laboratory. Stratesec's revenues recently went up by 60 per cent, due to what the company describes as "new customers." Prominent people at Stratesec include former Reagan operatives Barry McDaniel and General James A. Abrahamson (who was involved in the Reagan Star Wars project). Stratesec is a company heavily interrelated with the Kuwam Corporation ("Kuw" = Kuwait; "am" = America; Kuwam is a major Kuwaiti company involved in many activities, including the aircraft business; and it also owns Fresh del Monte). Stratesec's chief executive is also the managing director of Kuwam Corporation and Kuwam's chairman, Mishal Yousef Saud Al Sabah, sits on Stratesec's Board of Directors.

What is apparent from this tangle of relationships is the sheer scale of the Bush family business connections; perhaps even more revealing is the fact that they have taken almost a century to "mature" to the point where they now constitute a mafia of global proportions, which sits at the center of power, aided by the increasing concentration of ownership of key sectors of the global economy with which the Bushes have direct and indirect connections. These connections have become all too apparent as the "War on Terror" has replaced the "Red Menace" as the central rationale for US capitalism's strategy, personified in the curtailing of civil liberties and the construction of a global security state, all under the guise of the "War on Terror."

## GEORGE BUSH AND THE CONSTRUCTION OF THE GLOBAL SECURITY STATE

George Bush Sr as Ronald Reagan's vice president presided over the culmination of the decades-long war on communism, whose apogee was its support of those fighting the Soviet occupation of Afghanistan. It is here that we find the political and business connections of the Bush clan coming into their own. It is also here that we find all the connections with oil, weapons, the media, covert operations, and the ultra right-wing Reagan players finding a voice for a program three decades in the making.

9/11 was the pivot, and here once more the Bush clan, aided by the 'neo-con' cabal now firmly ensconced at the center of power, had all the right weapons at its disposal, best expressed through H.R. 3162, or The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act, or USA Patriot. And yet again, Bush's corporate connections were instrumental in the making of this key piece of legislation, for through it, the political elite were able to consolidate their grip on power and call upon the corporate



forces needed to implement the construction of Mussolini's vision of a corporate state; anti-union, anti-working class and, above all, where the interests of the corporation are installed at the center of political power through the privatization of the public sphere.

The state now has all the weapons it needs to suppress domestic dissent and the necessary corporate connections to carry it out.

### **ChoicePoint**

ChoicePoint was the firm that Katherine Harris, Florida's Secretary of State during the 2000 elections, paid to erase 57,000 names from the voter rolls which made the difference between a Bush and a Gore presidency.<sup>33</sup>

ChoicePoint is a database company with prominent Republicans on its board and payroll, and it now offers up over 20 billion pieces of information on American citizens to law enforcement and intelligence agencies. Since passage of the USA Patriot Act, the feds can access all that formerly private info without a search warrant.<sup>34</sup>

However, the connection between ChoicePoint, the Patriot Act, and the Bush family is more complex. Enter two corporations: Winston Partners and Sybase. Sybase developed 'Patriot-compliant' software and a major shareholder in Sybase is Winston Partners, part of the Chatterjee Group. One of Winston's co-owners is Marvin Bush.

### **ChoicePoint "compliant"**

SEC filings show that Winston Partners LP owns 1,036,075 shares in Sybase; Winston Partners LDC holds 1,317,825 shares; and Winston Partners LLC owns 1,221,837 shares. The shares owned by the subsidiaries are collectively managed in funds for Winston Partners by Pernendu Chatterjee. ...

The company is also a significant government contractor ... with contracts from the Agriculture Department, the Navy (\$2.9 million in 2001), the Army (\$1.8 million in 2001), the Defense Department (\$5.3 million in 2001), Commerce, Treasury and the General Services Administration among others. The federal procurement database lists Sybase's total awards for 2001 as \$14,754,000.

Sybase is only one of the companies with federal contracts from which Marvin Bush's firm derives financial benefit. Winston Partners' portfolio also includes Amsec Corp., which got Navy contracts worth \$37,722,000 in 2001.<sup>35</sup>

Also on the board of ChoicePoint is Richard Armitage, deputy secretary of state, president of Armitage Associates, international lobbying, marketing, and strategic planning consulting firm who was investigated for his role in the Reagan era Iran/Contra scandal.<sup>36</sup> What goes around, comes around ...

Once more, the vested interests of corporations that are intimately connected to the Bush family are intrinsic to the domestic and foreign policy objectives of the Bush administration. Sybase software is part of the ChoicePoint system, which is part of the Patriot Act, which is part of the whole damn system for keeping track of everybody and everything we do, read, visit, buy, and no doubt think about. At every step of the way, Bush family members are making money out of the "war on terrorism." Never before have the interests of government and business been so closely aligned, indeed they are in lock-step with one another.

### CONCLUSION: A CORPORATE *COUP D'ÉTAT*

The assault on the rights of citizens, won at great cost and over generations of struggle, has, since the 1970s, been steadily eroded to the point that we are now left with a façade of the original, a cardboard mock-up that has all the appearances of democracy, civil rights, and so forth, but with virtually no substance.

Central to this de facto corporate *coup d'état* is the Bush family and its business and political network which this essay has only scratched the surface of. What is clear is that big business is now firmly ensconced at the center of government. No longer is there any pretense of government representing the people. The transformation wrought by the Bush dynasty is perhaps best summed up with the following quote:

The Cheney–Bush pirates are about to birth a new brood of billionaire pillagers and parasites *with no direct connection to the well being of the domestic economy* and those of us who depend on it.<sup>37</sup>

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## 2

# War Hawks and the Ugly American: The Origins of Bush's Central Asia and Middle East Policy

*Andrew Austin*

Joined by British military forces, the United States invaded the Central Asian country of Afghanistan on October 7, 2001. In what was tagged “Operation Enduring Freedom,” the US overthrew the ruling clique, the Taliban, and destroyed training camps of the terrorist organization al Qaeda, located in the mountains of Tora Bora. The US emplaced an interim government led by Hamid Karzai, a weapons financier for anti-Soviet mujahedeen and associate of the US Central Intelligence Agency (CIA).

On March 17, 2003, again in concert with British forces, the US military invaded Iraq. “Operation Iraqi Freedom” resulted in the overthrow of Saddam Hussein and the ruling Ba’ath Party. The US formed an interim national government, the Iraqi Governing Council, led by Ahmad Chalabi, a US-educated banker, prominent member of the London-based Iraqi National Congress, CIA associate, and a protégé of high-ranking Pentagon officials. The Council dissolved on June 1, 2004. Dr. Iyad Allawi, co-founder of the CIA-sponsored Iraqi National Accord, was appointed as prime minister of the interim government.

The financial cost of these undertakings has been staggering. On September 7, 2003, President Bush asked Congress for \$87 billion to cover the costs of operations in Central Asia and the Middle East. This was in addition to \$79 billion Congress had already budgeted for the military campaigns. War and reconstruction expenditures overseas would come against the backdrop of the largest federal budget deficit in US history (\$412.5 billion in 2004), a national economy mired in a “jobless recovery,” and 36 million Americans living in poverty. Despite this, Congress approved Bush’s request less than two months later.

In human terms, the Bush wars have been nothing short of tragic. Marc Herold, a professor at the University of New Hampshire, estimates

civilian deaths in Afghanistan to be 3,767 as of December 2001. Afghan fighters and friendly fire have killed several dozen US troops and injured many more. In September 2004, the number of US soldiers killed in Iraq surpassed 1,000, representing the highest number of casualties in any US-involved conflict since the Vietnam war. The official number of US soldiers wounded in Iraq comes to 7,532 as of September 27, 2004.<sup>1</sup> How many Iraqi military personnel US and British forces have killed or injured is unknown, but observers suspect it is in the thousands. As of October 18, 2004, the independent organization Iraq Body Count estimates civilian casualties from “Operation Iraqi Freedom” to be between 13,278 and 15,357.

From a review of public opinion surveys, the majority of Americans believe that the threat of Islamic terrorists and rogue states warrants these great financial and human costs. So frightened by the specters of terrorism and dictatorship are the Americans that they apparently have forgotten that Bush promised them during the second debate with Democratic presidential candidate Al Gore that he would not make the United States the “ugly American” by engaging in “nation-building.” However, it seems likely, or at least one hopes this is the case, that majority belief will be hard to maintain in the face of overwhelming evidence that suggests, to the contrary, that the Bush regime and its allies, principally Great Britain, orchestrated the war for purposes other than national security and making the world a more peaceful place. This chapter discusses other possible reasons for Bush’s wars, and details major players and ideologies shaping US foreign policy in the current geopolitical context.

### A NATIONAL SECURITY STRATEGY?

The Bush administration justified the invasion of Afghanistan on the grounds that the terrorist organization believed to have masterminded the attacks on the United States on September, 11, al Qaeda, led by Saudi millionaire Osama bin Laden, enjoyed the protection of the Taliban. The government defended its invasion of Iraq based upon two claims: Iraq possessed weapons of mass destruction and the Ba’ath Party had links with al Qaeda.

The principled basis for intervention was set out in the September 2002 White House report, *The National Security Strategy of the United States of America*. This document detailed a pre-emptive strike policy appealing to the principle of anticipatory self-defense. The policy of pre-emption represents a dramatic departure from America’s previous defense posture. Historically, a grave and imminent danger to national security triggered the right to self-defense. However, while a justifiable

anticipatory self-defensive action must indicate a credible and imminent threat to national security, pre-emptive self-defense need indicate only a potential or probable eventuality. Under this more expansive definition of what constitutes legitimate self-defense, mere official belief that a nation desires to acquire weapons of mass destruction is enough to justify the use of force. As the document averred, “We cannot let our enemies strike first.”

The authors of the report, led by National Security Advisor (NSA) Condoleezza Rice, characterized the new defense philosophy as “a distinctly American internationalism.” The report pledges the use of military force to encourage “free and open societies,” to fight for American ideals and values, especially private property, and to win the “battle for the future of the Muslim world.” Policy-makers tied the doctrine of pre-emption to imperatives of regime change and nation-building in a “post 9/11 world.” A solution to the alleged problems “rogue states” present for national security is the possibility the government may have to overthrow an existing government unilaterally.

However, in the current world order, the law on the use of armed force, the *jus ad bellum*, prohibits discretionary and unilateral military force and tightly constrains the use of reactive force of arms to self-defense or a collective decision by the UN community to prevent unlawful aggression. Moreover, any retaliatory action by a country must be proportional, and it is a recognized principle in international law that while self-defense is a legitimate response while under attack, it is not legitimate *post facto*—that is, once an attack has ended, self-defense is prohibited.

Bush’s rationale for invading Afghanistan based on the September 11, 2001 attack is deeply problematic with respect to *jus ad bellum*. Harboring terrorists may have made the Taliban complicit in the criminal behavior of al Qaeda, but such behavior is insufficient for determining direct responsibility necessary to warrant retaliatory military action. The administration never adequately explained why destruction of government buildings, infrastructure, towns and villages, resulting in the deaths of thousands of civilians, was necessary to apprehend bin Laden and dismantle al Qaeda. That the US promised the UN “surgical strikes” against Taliban targets to minimize “collateral damage” (military jargon for harming civilians) does not negate Bush’s tragic moral lapse and his flouting of international law. In any case, targeting was poor, targets were wrongly identified, bombing was often indiscriminate, and the weapons used, such as cluster bombs, led to numerous civilian casualties. Military action has so far failed to bring bin Laden and many of his top operatives to justice. This is in part



because Bush diverted resources in the hunt for al Qaeda terrorists to pursue war in Iraq, as former special assistant to Bush, Richard Clarke, has pointed out.<sup>2</sup>

The justification for launching an invasion of Iraq to overthrow the Ba'ath government was equally problematic. The policy of regime change is, from the point of view of the White House, a corollary to pre-emptive self-defense. If a state is pursuing weapons of mass destruction and delivery systems capable of threatening America at some distant, albeit uncertain future point, then a pre-emptive self-defensive action would be regarded as a means of preventing this eventuality. However, while instances of anticipatory self-defense are numerous in history, historical instances of pre-emptive self-defense are not (the most notable case was the 1981 Israeli attack on the Osirak nuclear reactor outside of Baghdad). Moreover, it is widely regarded as necessary for the international community, operating through the UN, to consent to the use of pre-emptive force. International law prohibits unilateralism in pre-emptive self-defensive action. Therefore, Bush was obliged to secure UN sanction for a military strike against Baghdad. The US, joined by a small number of other countries, defied the consensus of the international community and invaded Iraq without UN authorization.

Even if we set aside international law, evidentiary reasons given for pre-emptive action in Iraq were insufficient, incomplete, and, in many cases, fabricated. Authorities have found neither weapons of mass destruction nor effective delivery systems in Iraq. And, whatever the case may be, credible evidence for WMDs would have had to exist *before* military action was taken. The consensus of the international intelligence community is that Saddam destroyed such weapons at the conclusion of the US–Iraq war in 1991. And any claim the US invaded Iraq in retaliation for 9/11, however illegitimate according to international law, had no evidentiary basis. The administration admitted during a meeting with congressional leaders on September 17, 2003 that it never had evidence connecting Saddam to 9/11.

If the Bush administration's reasons for plunging two countries into confusion and chaos seem irrational, it is only because one has failed to grasp the real reasons behind the warmongering. These are the ulterior motives for going to war: control of the gas and oil supplies in two regions and reshaping power in the Middle East with an eye to creating conditions for a resolution to the Israeli–Palestinian conflict. The material and political interests driving White House policy are held together by the president's religious ideology, an apocalyptic strain of Christianity known as Christian Zionism, and sold to the public

via deft propaganda designed by Bush's principal political advisor, Karl Rove.

## GAS AND OIL

No understanding of Bush's foreign policy ambitions is adequate without a grasp of the central importance of America's dependency on fossil fuels. The chief sources of energy are petroleum (30 per cent), natural gas (24 per cent), and coal (23 per cent). North Americans consume over 21 million barrels of oil a day, more than any other region in the world.<sup>3</sup> Domestic oil and gas production cannot meet public demand. Given this situation, securing cheap and readily available sources of fossil fuels is an imperative for an administration beholden to gas and oil companies (many Bush administration officials are major players in the fossil fuels industry).

Outside of the Middle East, the Caspian Sea region (the "Stans," including Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan) contains the largest proven natural gas and oil reserves in the world. Central Asia has almost 40 per cent of the world's gas reserves and 6 per cent of its oil reserves. The US has long desired not only to secure these reserves for its increasing energy appetite, but also to control transport,<sup>4</sup> which permits command over prices and undermines the hegemony of the Organization of the Petroleum Exporting Countries (OPEC). US interest in Central Asia became transparent with the withdrawal of the Russian military from Afghanistan in 1989 and the collapse of the Soviet system in 1991. By 1992, mostly US-based companies (Amoco, ARCO, British Petroleum, Exxon-Mobil, Pennzoil, Phillips, TexacoChevron, and Unocal) controlled half of all gas and oil investments in the Caspian region.<sup>5</sup>

The details are revealing. Within less than five years of the fall of the Soviet Union, Unocal, in association with Delta Oil (Saudi Arabia), Gazprom (Russia), and Turkmenrozzgas (Turkey), began negotiating with various Afghan factions to secure the right to construct a trans-Afghan pipeline. Unocal worked closely with the Taliban to "educate them about the benefits such a pipeline would bring this desperately poor and war-torn country," according to a company statement. However, Unocal withdrew from the consortium in December 1998 citing "sharply deteriorating political conditions in the region" and the reluctance of the US and the UN to recognize the Taliban as the legitimate government of Afghanistan.<sup>6</sup> Then, in the spring of 2002, after the US toppled the Taliban regime and installed a puppet government, oil companies and the interim ruler, Hamid Karzai, along with Mohammad Alim

Razim, minister for mines and industries, reopened the pipeline project talks. Razim has stated that Unocal was the frontrunner to obtain contracts to construct the pipeline with funds from the reconstruction of Afghanistan (funds supplied by the US taxpayer).

Crucial to these negotiations is the US envoy to Kabul, Afghanistan-born Zalmay Khalilzad. As special envoy, he ostensibly reports to Secretary of State Colin Powell. However, as a National Security Council (NSC) official and special assistant to the president for Southwest Asia, Near East and North Africa, he reports directly to NSC chief (and former board member of TexacoChevron), Condoleezza Rice. Khalilzad has a long history working in Republican governments.<sup>7</sup> He has also served as a lobbyist for the Taliban. In August 1998, after al Qaeda allegedly bombed the US embassies in Kenya and Tanzania, Khalilzad presented in a widely read article what would become key elements of the Bush policy on Afghanistan. His contention was that administration officials under Clinton in 1994 and 1995 underestimated the danger the Taliban “posed to regional stability and US interests.” He predicted that Afghanistan’s importance would grow “as Central Asia’s oil and gas reserves, which are estimated to rival those of the North Sea, begin to play a major role in the world energy market.” Afghanistan, properly managed, would serve as a “corridor for this energy,”<sup>8</sup> the men of big oil noted, along with Khalilzad Afghanistan’s relevance. Through the mechanism of “Operation Enduring Freedom,” they have established a political economic presence in Central Asia.

The second largest proven oil reserves in the world are in Iraq (only Saudi Arabia has larger reserves). In 1978, Saddam Hussein, then vice chairman of Iraq, boasted, “One of the last two barrels produced in the world must come from Iraq.” As late as spring 2002, the US was obtaining 800,000 barrels a day from Iraq, making that country the sixth most important source of oil for North American consumption. As Bush rattled sabers over its differences with the regime of Saddam Hussein, petroleum companies switched to other suppliers, cutting Iraq exports by some 70 per cent. However, US petroleum companies anticipated that oil would flow again after tensions subsided and UN sanctions were concluded, thus lowering oil prices again. And reducing oil prices was an imperative. Crude oil had risen from a low of \$10 a barrel in 1997 to \$30 a barrel in 2000. Projections indicated prices would remain at that level without a change in the structure of the world oil markets. The possibility of a massive and cheap source of fossil fuel drew the interest of other countries, as well. Russian, European, and Chinese companies negotiated or were negotiating contracts with Saddam’s regime in the run-up to war.<sup>9</sup>

Unfortunately for these other countries, the US under Bush had scheduled Saddam Hussein for elimination. By overthrowing the Ba'ath Party, the Bush regime nullified the contracts negotiated by other countries. As former CIA directory James Woolsey put it, "If [these other countries] throw in their lot with Saddam, it will be difficult to the point of impossible to persuade the new Iraqi government to work with them."<sup>10</sup> Faisal Qaraghoil, the director of the London office of the INC, maintained the new Iraqi government would not be bound by any previously negotiated contracts. And INC leader Ahmed Chalabi stated that a US-led consortium would develop Iraq's oil fields. From the standpoint of US energy interests, the war was necessary to establish US control over Iraqi oil and to stabilize world oil prices.

### WOLFOWITZ AND PERLE: ARIK'S AMERICAN FRONT

*The Jerusalem Post* has frankly and aptly described the neo-conservatives at the core of policy-making in the Bush White House as "Arik's American Front."<sup>11</sup> Paul Wolfowitz and Richard Perle are identified in particular as principal members of Ariel Sharon's organization in Washington. Hence the focus of this section will be on these two officials.

Wolfowitz has a long history of public service in the United States. He served as deputy assistant secretary of defense for regional programs from 1977 to 1980 under Jimmy Carter. He was head of the State Department's Policy Planning Staff from 1981 to 1982 under Ronald Reagan, where he played a major role in shaping Reagan's Cold War strategy. From 1989 to 1993, he served as under secretary of defense for policy under George Bush Sr. Wolfowitz is currently deputy secretary of defense under Bush Jr. A Pentagon special unit, the Office of Special Plans (OSP), headed by Wolfowitz, developed much of the initial information that found its way into Powell's controversial testimony given before the UN Security Council on February 5, 2003. Wolfowitz organized OSP to counter doubts about the CIA's Iraqi intelligence.

In 2002, Wolfowitz received the Henry M. "Scoop" Jackson Distinguished Service Award from the Jewish Institute for National Security Affairs (JINSA). Senator Jackson was the Democrat's pre-eminent hawk in the 1970s and early 1980s. So dedicated was he to the military industrial complex that his colleagues nicknamed him the "Senator from Boeing." Jackson's understanding of Israel's war against the Palestinians shaped his foreign policy thinking. In 1979, at the Conference on International Terrorism, sponsored by the Jonathan Institute, Jackson characterized terrorism as "a modern form of warfare against liberal democracies." The goal of this warfare, he

said, “is to destroy the very fabric of democracy.” Jackson praised Israel’s suppression of Palestinian terrorists: “In providing for her own defense against terrorism, Israeli courage has inspired those who love freedom around the world.” He rejected the premise that the targets of terrorism should negotiate with terrorists. Referring to the ambitions of the PLO, Jackson said, “To insist that free nations negotiate with terrorist organizations can only strengthen the latter and weaken the former.” He also rejected the premise of Palestinian statehood: “To crown with statehood a movement based on terrorism,” he said, “would devastate the moral authority that rightly lies behind the effort of free states everywhere to combat terrorism.”

During the 1970s, Jackson and his supporters and aides became increasingly disillusioned with the Democratic Party. The Democrats had moved away from confrontation with terrorism, seeking instead to defuse the source of the conflict they believed spawned terrorists. According to the hawks, this “blame America first” approach inevitably meant laying responsibility for terrorism at the feet of those states that had become the terrorists’ targets, since it forced the public to consider the possibility that terrorism was a reaction by oppressed people to colonialism and imperialism. This shift in the party forced many of Jackson’s aides, including Elliot Abrams, Douglas Feith, Frank Gaffney, Jeane Kirkpatrick, and, most importantly, Wolfowitz and Perle, to switch to the Republican side, obtaining offices in the Reagan and Bush administrations.

Wolfowitz used the JINSA awards ceremony as an opportunity to show that Bush was following in the footsteps of Jackson, a hero of Israeli hardliners. Describing Bush as a leader “determined to move forward strategically, pragmatic step after pragmatic step toward a goal that the faint hearted deride as visionary,” Wolfowitz said Jackson “would have been proud and pleased to know our President.” Admonishing media characterizations of Bush’s inner circle as “hawks” by noting that Jackson rejected the label (“I just don’t want my country to be a pigeon,” Jackson once remarked), Wolfowitz condemned appeasement. “Freedom cannot be defended, much less advanced by the fainthearted who shun all risks,” said Wolfowitz. “And it cannot be advanced if we believe that evil dictators can be brought around to peaceful ways without at least the threat of force.”

Wolfowitz’s desire to shift American foreign policy towards a more aggressive imperialism is well over a decade old. When, in 1992, Secretary of Defense Dick Cheney requested versions of the Defense Planning Guidance (DPG) directive from Colin Powell, the chairman of the Joint Chiefs of Staff, and from Wolfowitz, then under secretary of

defense for policy, the grandeur of Wolfowitz's thinking contained in his version of the document captivated the defense secretary. In his DPG, Wolfowitz was critical of the way Bush Sr had handled the 1991 Iraq war. He believed the continuing presence of Saddam Hussein clearly indicated Bush had ended the war prematurely. Wolfowitz proposed that the US militarily intervene in Iraq to guarantee the US access to raw materials, especially oil, and to remove the threats of terrorism and weapons of mass destruction. Wolfowitz argued that "with the demise of the Soviet Union, American doctrine should be to assure that no new superpower arose to rival the US' enlightened domination of the world." To achieve this goal, Wolfowitz "called for pre-emptive attacks and ad hoc coalitions." Moreover, the US must be prepared to go it alone when "collective action cannot be orchestrated."<sup>12</sup>

Although Bush Sr went along with Powell's more pragmatic plan in 1992, Cheney and Wolfowitz believed they were on the verge of realizing their dream of *Pax Americana* in a second Bush term. However, a long and deep economic downturn erased Bush's wartime popularity. To their dismay, the electorate selected Arkansas governor Bill Clinton for president in 1992 and the neo-conservatives were ousted from power. Not content with waiting for the next Republican administration, Wolfowitz and several other intellectuals formed the Project for a New American Century (PNAC), a think tank "to make the case and rally support for American global leadership." Top corporate, military, and political figures aligned themselves with PNAC, including Elliot Abrams (Reagan State Department), Dick Cheney, Frank Gaffney (president of the Center for Security Policy), William Kristol (Dan Quayle's chief of staff and editor of the conservative publication *Weekly Standard*), and Donald Rumsfeld. Powerful economic interests threw their support behind PNAC.<sup>13</sup>

PNAC emerged in 1997 wielding a document calling for the US to "take its place in history as the dominant global force and achieve greatness by being bold and purposeful." PNAC asked in its statement of principles, "Does the US have the resolve to shape a new century favorable to American principles and interests?" This PNAC intellectuals doubted. "We seem to have forgotten the essential elements of the Reagan administration's success," they lamented. Those successful elements were a "military that is strong and ready to meet both present and future challenges; a foreign policy that boldly and purposefully promotes American principles abroad; and national leadership that accepts the US' global responsibilities."

In an open letter to President Clinton, dated February 19, 1998, Wolfowitz, Perle, Feith, and Wurmser, joined by Rumsfeld, Abrams,

Kristol, John Bolton (current under secretary for international security), Frank Carlucci (Reagan defense secretary), Richard Armitage (current deputy secretary of state), and others, made the argument that “Saddam must be overpowered.” The letter asserted that the “danger” imposed by Saddam, “cannot be eliminated as long as objective is simply ‘containment,’ and the means of achieving it are limited to sanctions and exhortations.” They urged the White House to “provide the leadership necessary to save ourselves and the world from the scourge of Saddam and the weapons of mass destruction that he refuses to relinquish.”

In 2000, PNAC released the report *Rebuilding America's Defenses*. This document would become the blueprint for Bush's *National Security Strategy* discussed above. According to this earlier document, America “has for decades sought to play a more permanent role in the Gulf regional security. While the unresolved conflict with Iraq provides the immediate justification, the need for a substantial American force presence in the Gulf transcends the issue of the regime of Saddam Hussein.” Subduing the region required more stable launching points into the various countries. Saudi Arabia had become, PNAC argued, problematic as a staging area because of its “domestic sensibilities.” Moreover, after removing Saddam from power, “Iran may well prove as large a threat.”

The judicial *coup* of 2000 that led to the Bush presidency provided the opening the neo-conservatives had been waiting for: an ideological president receptive to their ideas. PNAC had positioned them well for the takeover of US foreign policy. The administration appointed Wolfowitz to his current post. Under the direction of Rumsfeld, the Pentagon created the Defense Policy Board (DPB), an ostensibly informal working group composed of former government officials and military experts serving as an advisory body to the Pentagon on defense issues, put Richard Perle in charge, and plugged the PNAC directly into executive power.<sup>14</sup> Not taking a second Bush term for granted, Wolfowitz, according to *Time* magazine, pressed the White House to go to war with Iraq immediately after the terrorist attacks on the World Trade Center and the Pentagon.<sup>15</sup> He would have to wait until after the invasion of Afghanistan, but, in the end, he got what he had for so long desired: the overthrow of Saddam Hussein, the occupation of Iraq, and the removal of US military bases from Saudi Arabia.

In 2002, *The Jerusalem Post*, reflecting on Wolfowitz's JINSA Distinguished Service Award, singled out Wolfowitz as “one of the principal architects of the US war against Islamic terrorism” a war hawk who “comes from a pedigree of successful strategists schooled by Henry Jackson.” The neo-conservatives “acknowledge realistically

that as the land of freedom and liberty, the US is locked in a constant and never-ending struggle against movements and ideologies that would murder innocents and blot out freedom.” And where did they acquire such realism?

As their teacher, Henry Jackson made clear, the inspiration for much of what they stand for comes from watching and emulating Israel. It is the legacy of the Jewish state, indeed of the Jewish people as the solitary fighter combating terrorism against innocent civilians that captivated these men’s attention thirty years ago. It was Israel’s struggle that made them recognize that terrorism, like Communism—the major threat of that day—must be fought without compromise.<sup>16</sup>

Thirty years lurking in the shadows, Perle, tagged by comrades and enemies alike as the “Prince of Darkness,” has been at the forefront of foreign policy thinking about the Middle East. Like Wolfowitz, Perle was among those Jackson devotees who hitched their political career to the conservative Republican wagon, serving as assistant secretary of defense for international security policy from 1981 to 1987 under Reagan. During the 1980s, Perle criticized the Reagan and Bush administrations for their support of Saddam during the Iraq–Iran war in the 1980s; and, as early as 1991, he advocated overthrowing the regime of Saddam Hussein. Until recently, he was chairman of the DPB.<sup>17</sup> Additionally, he has served in non-governmental elite organizations, such as the Council on Foreign Relations (CFR), the American Enterprise Institute (AEI), and JINSA.

Perle pursues his aggressive Middle East vision by working for countries on both sides of the Atlantic. In 1996, while serving with the prominent Israeli think tank, The Institute for Advanced Strategic and Political Studies (IASPS), Perle, along with Douglas Feith, the current under secretary of defense for the US, and David Wurmser, current special assistant in the State Department, authored the report *A Clean Break: A New Strategy for Securing the Realm*, for the Likud Party, Israel’s leading right-wing party. The document advised then prime minister, Benjamin Netanyahu, to walk away from the Oslo Accord. In 1997, in *A Strategy for Israel*, Feith followed up on the *Clean Break* report and argued that Israel should reoccupy the areas under the control of the Palestinian Authority. “The price in blood would be high,” Feith wrote, but such a move would be a necessary “detoxification” of the situation. This was, in his view, “the only way out of Oslo’s web.” In the report, Feith linked Israel’s rejection of the peace process to the neo-conservatives’ obsession with the rule of Saddam



Hussein and the Ba'ath regime. "Removing Saddam from power," Feith wrote, is "an important Israeli strategic objective."

With Wolfowitz, Perle advised the White House to jettison the previous administration's theory that reducing Jewish-Muslim antagonism would garner support for an attack on Iraq. They advocated targeting regimes aiding and abetting terrorism in a unilateral fashion. They linked Saddam with terrorist groups operating in Palestine, claiming, "as long as Saddam is in power, terrorists will have a place to hide."<sup>18</sup> A major US paper reported that Perle told the administration to "give Sharon full support" in his suppression of Palestine. "We need to bring the maximum pressure to bear on Arafat, not Israel," Perle said.<sup>19</sup> (Support for the Sharon approach was, therefore, a *cause* in the Bush policy shift towards Iraq, not a result of it.)

For their part, Sharon and his advisors aggressively lobbied Washington to expand the definition of terrorism to include groups and states bent on Israel's destruction. In meetings Bush and Sharon "shared their mutual concerns about the threats posed by terrorism and the development of advanced weapons by Iraq and Iran."<sup>20</sup> This tactic was clever, the Israeli press noted at the time, for it gave Bush the room he needed to pursue his Middle East policy while maintaining an ostensive "hands-off" policy on the Israel-Palestinian conflict. The strategy allowed for the manipulation of liberals who would aid in the perception that Bush was disengaged by complaining about disengagement. Couched in this fashion, Sharon's message "could lead to victory for the Wolfowitz camp," wrote the *Jerusalem Post*.<sup>21</sup>

With a green light from Washington, Israel has not only intensified operations in Palestinian territory, but has also stepped up hostilities towards Lebanon and Syria. This is what the neo-conservatives had hoped for. As early as December 2001, Perle called on Israel to bomb the Bekaa Valley and the Hamas headquarters in Damascus. By the US stepping back from Israel, Sharon could not only take Arafat out, but could also enlarge the conflict. Indeed, Sharon came into office with a well-conceived strategy for thwarting the Middle East peace process. This was not initially apparent to US observers who saw Sharon's pre-election belligerence as the acts of a crude anti-Palestinian bigot. But Sharon had in fact created the conditions to justify heightened levels of repression in the occupied territories by visiting Jerusalem's al-Aqsa mosque at the Temple Mount. This controversial action sparked the second Intifada, unleashing intense violence lasting for years. The Israel government would pull out of the peace process and launch a massive military campaign against Palestinians under this pretext. What was viewed at the time as an act of ignorance and intolerance was in fact

a brilliant strategic move by a hardline right-winger bent on erasing the Oslo blunder.

In 2002, Frances Fitzgerald noted that “for years before the Bush administration took office Rumsfeld and Wolfowitz were calling for [Saddam’s] overthrow on the grounds that he posed a danger to the region, and in particular to Israel.”<sup>22</sup> FitzGerald cites a panel discussion at the Washington Institute in June 1999 where Wolfowitz clarified his views about the connection between Iraq and the peace process. He believed George Sr’s invasion of Iraq averted a nuclear war between Iraq and Israel and that “Yasser Arafat was forced to make peace once radical alternatives like Iraq had disappeared.” Wolfowitz continued, “The US needs to accelerate Saddam’s demise if it truly wants to help the peace process.” Perle has likewise been clear on this connection: “We shouldn’t wait,” he said. “We should go after Iraq.” Why? “The removal of Saddam would be a tremendous step forward for the peace process. We need to take decisive action, and when we do and are successful, it will greatly strengthen our ability to do other things in the region.”<sup>23</sup>

At an AIPAC conference held in the spring of 2002, “America and Israel Standing Together Against Terrorism,” attended by half of the US Senate and 90 members of the US House of Representatives, former Israeli Prime Minister Benyamin Netanyahu said, “There has never been a greater friend of Israel in the White House than President George W. Bush.” The conference saluted 13 senior administration officials. Talking points AIPAC officials handed out to delegates echoed Sharon’s message that he is “waging his part of the war on terrorism.”<sup>24</sup> The talking points stated, among other things, that the US and Israel “are victims of well-organized and well-funded extremist organizations” and “Israel must defend against this terror just as surely as the US must fight and destroy al Qaeda and other terrorist groups with global reach.”

In the final analysis, President Bush and his team of advisors have successfully reversed the Clinton peace strategy. The new Middle East policy shifts the emphasis towards the problems of the Palestinian Authority. This has required Bush and the State Department to distance themselves from the peace process and support Sharon’s refusal to negotiate with the Palestinians in an environment of heightened conflict. At every opportunity, Sharon has made a point of reiterating his position: he will never deal with Palestinians under fire. During their meetings, Bush and Sharon have agreed that, until the violence subsides, negotiations cannot begin. Sharon has done his part to make sure violence does not wane, assassinating prominent Palestinians such as Hamas spiritual leader Sheikh Ahmed Yassin.

## GOD'S MAN OF THE HOUR

What moves Bush to support these policies? The oil interests are, perhaps, obvious. But why would an evangelical Christian from Crawford, Texas find compelling the neo-conservative desire to entrench the power of the Israeli state? Opposition to the Oslo approach to Middle East peace reflects a particular brand of Judeo-Christian belief, Christian Zionism, of which Bush is a devotee. Christian Zionists believe that Israel must be restored to its biblical boundaries before Christ can return to collect the souls of believers.

Bush shares this view with numerous congressional Republicans. Led by House Majority Leader Tom Delay of Texas, evangelical Christians in Congress have contended that Washington must allow Israel to fulfill biblical prophecy. Senator James Inhofe has said, from the floor of the Senate, "The Bible says that Abram removed his tent, and came and dwelt in the plain of Mamre, which is in Hebron, and built there an altar before the Lord." "Hebron is in the West Bank," the Senator from Oklahoma emphasized. "It is at this place where God appeared to Abram and said, 'I am giving you this land.'" Inhofe then drew this startling conclusion: "This is not a political battle at all. It is a contest over whether or not the word of God is true."<sup>25</sup>

Also at the core of Christian Zionism is the belief that God endorses the American way of life. In his 2002 State of the Union address, Bush declared, "The liberty we prize is not America's gift to the world; it is God's gift to humanity." In Bush's view, no country is excused from accepting the heavenly present of "democratic capitalism." "Events aren't moved by blind change and chance," Bush stated at the 2003 National Prayer Breakfast; rather, "the hand of a just and faithful God" determines all circumstances. Bush assured Americans they can "be confident in the ways of Providence, even when they are far from our understanding." History, according to Bush, is the unfolding of God's will. "Behind all of life and all of history, there's a dedication and purpose." It is in the context of a worldview that rests upon Providence that members of the Bush administration have interpreted recent events as celestial signs God has ordained Bush to lead America through the final hour of His divine plan.

Members of the Bush administration see the attacks on the World Trade Center and the Pentagon as signs that God selected Bush to lead a crusade against evil. Insiders have revealed that war planners bring their strategies and tactics to the president where he and members of his administration pray over their vision and translate the text into articles of faith. According to Julian Borger, "While most people saw

the extraordinary circumstances of the 2000 election as a fluke, Bush and his closest supporters saw it as yet another sign he was chosen to lead. Later, September 11 'revealed' what he was there for."<sup>26</sup> After his speech to Congress on September 20, 2001, Bush received a telephone call from speechwriter Mike Gerson, who said, "Mr. President, when I saw you on television, I thought—God wanted you there."<sup>27</sup> Tim Goeglein, deputy director of the White House public liaison, remarked to a religious reporter, "I think President Bush is God's man at this hour." Ralph Reed, former director of the Christian Coalition, said God chose George Bush to be president because "He knew George Bush had the ability to lead in this compelling way." Religious leader Gary Bauer once remarked, "A man of God is in the White House." *Time* has reported, "Privately, Bush even talked of being chosen by the grace of God." When he was Texas governor, Bush called Fort Worth televangelist James Robison and said, "I've heard the call. I believe God wants me to run for president."<sup>28</sup>

David Frum, the speechwriter who coined the phrase "axis of evil," exposed the depth of fundamentalism in the Bush administration in his book *The Right Man*. According to Frum, Bush and his advisors strive to create in each of their targets an enemy comparable to Reagan's Evil Empire, a construct steeped in religious metaphor. During the writing of the 2002 State of the Union address, Gerson came to Frum and challenged him to "sum up in a sentence or two our best case for going after Iraq." Frum came up with the phrase "axis of hatred," which he felt "described the ominous but ill-defined links between Iraq and terrorism." Gerson substituted the word "evil" for "hatred" because it made the slogan sound more "theological." According to Frum, in an interview with Julian Borger, "It was the sort of language President Bush used."<sup>29</sup>

### GENERAL ROVE

A computer disk was found in Lafayette Park containing this advice from Bush principal advisor Karl Rove to his colleagues: "Focus on War." When the Republican Party met in Austin, Texas in the winter of 2002, Rove told the devoted there to exploit the war in Afghanistan for political gain. Revelations of Rove's marching orders confirm what critical observers have understood for a long time: Rove is the architect of the political side of the war strategy. Although the White House has endeavored to give the appearance of distancing Rove from foreign policy advising, desiring to portray him as playing no role in military decisions, he is still referred to as "General Rove." Karl Rove

is well aware of the perception among Americans that Republicans are stronger on national defense issues, and hammers the theme of Republican military prowess to the party faithful.

Rove has become deeply involved in Bush's Middle East policy. When the White House considered pressuring Congress to back away from voting on a resolution in support of Israel, Rove convinced the White House not to do so. Rove is out front pushing the president's rhetoric of Sharon as a "man of peace." Fearful conservative Christians and Jews in the Republican Party were becoming disillusioned with Bush's stance on the Israeli-Palestinian conflict, believed to be largely due to Powell's disturbing concern with forging peace between the two peoples, Rove sent Wolfowitz to speak at a high-profile rally in support of Israel in April 2002.<sup>30</sup>

Rove is the principal architect of the Bush image. He runs the three main propaganda offices in the White House: the Office of Political Affairs, which runs polls and focus groups to develop strategies for shaping messages; the Office of Public Liaison, which promotes Bush priorities through outreach to constituencies and public interest groups; and the Office of Strategic Initiatives, which coordinates the planning and implementation of the overarching strategy for achieving Bush's plans. It was Rove who picked Ellis Island, with the Statue of Liberty glowing in the background, as the site where Bush delivered his September 11 address to the nation. It was Rove who orchestrated the president's "Top Gun" landing on the aircraft carrier with the banner heralding the end of the war in Iraq: "Mission Accomplished." It was Rove who claimed Bush's disappearance in the aftermath of 9/11 was because Air Force One was under attack. Rove timed the debate over Iraq in the fall of 2002 to benefit the Republicans by distracting the electorate from Bush's dismal domestic record.

In one of the White House's more audacious propaganda efforts, a film was released on the cable television network Showtime, *DC 9/11*, depicting Bush not as the man who sat unconcerned before schoolchildren after being told the South Tower had been hit by a jet airliner, or as a confused president who was whisked away to an underground bunker in Nebraska for a crash course in how to act presidential in a military crisis, but rather as a take-charge cowboy: "If some tinhorn terrorist wants me, tell him to come and get me," actor Timothy Bottoms, who plays Bush in the movie, thunders; "I'll be at home. Waiting for the bastard." A secret service agent says, "But Mister President—," but is cut off by Bush: "Try 'Commander-in-Chief' whose present command is: Take the President home!" *DC 9/11* was written and produced by Lionel Chetwynd, a close associate of Bush, who worked with Rove to

develop the “documentary.” Chetwynd, the founder of the Wednesday Morning Club, an organization of Hollywood conservatives organizing support for Bush, is a member of the White House Committee on the Arts and Humanities.

### REGIME CHANGE AND THE UGLY AMERICAN

Regime change has become the central tenet in Bush’s foreign policy as an aggressive doctrine of intervention has taken shape. The president has dedicated himself to materializing the doctrine of the “ugly American” he condemned at the Wake Forest University debate in October 2000. The Bush doctrine contains three basic principles, as outlined by PNAC:

- The US shall develop the capacity to strike in a preemptive manner any country it deems as a threat. Bush argued in the 2002 State of the Union address that just as America’s “enemies view the entire world as a battlefield,” so must the US.
- The US shall actively pursue regime change. Americans must dedicate themselves to the task of nation building. Countries targeted for intervention are “rogue states” and their “terrorist allies” that are “arming to threaten the peace of the world.”
- The US shall promote liberal democratic principles around the world. In a 30 January 2003 memorandum to opinion leaders, PNAC wrote, “Because the US has a ‘greater objective’—a greater purpose—in the world, Bush sees in the war not just danger but an opportunity to spread American political principles, especially into the Muslim world.”

America’s shift towards a renewed imperialism is the work of Scoop Jackson’s protégés. Since the fall of the Soviet Union, members of the DPB–PNAC clique have believed they are entitled to a political moment comparable to 1949, when elite arrangements—the NSC, Bretton Woods, and NATO—shaped the post-WWII world.<sup>31</sup> The invasion and occupation of Iraq has been for years the central element in their polyarchic designs. If the US can force Iraq to become a “democratic beacon” in the region, the neo-cons theorize, then other Middle Eastern countries will follow, touching off a “democratic tsunami.” Democracies in Syria, Iran, and other countries in the Middle East will diffuse anti-American anger and create a context leading to a resolution of the Israeli-Palestinian conflict, ushering in a new age of peace and liberal economic development in the region. However, the doctrine

of the pre-emptive strike is the ideological cover over the practice of conducting foreign policy via military means. Linking a people to “global terrorism” and manufacturing evidence of “weapons of mass destruction” are tactics that can be used to demonize any country that exists as an obstacle to national interest. Now that the US is the world’s only superpower, Washington feels more confident in deploying military means to conduct foreign affairs.

Why are Americans behind this president and his policies? Certainly the degree of religiosity expressed by Americans in public opinion surveys explains much of it. Polls show that around 40 per cent of Americans describe themselves as born-again or evangelical Christians. Among born-again Christians, Bush’s popularity remains high. In the battle between Christianity and Islam, the Jews occupy a central position between them. Many Christians today believe Jesus had to die to fulfill God’s plan for the Earth and that the Jews must have a homeland before Christ can return. The rise of this brand of fundamentalist Christianity almost certainly lies behind much of America’s support of Bush. The faithful are likely to agree with the president and his advisors that he has been chosen by God to protect Israel and to repel Islam.

Another reason for popular support for Bush’s policies is found in the ignorance of Americans concerning basic facts about the official enemy. Nearly half of all Americans believe Saddam Hussein was part of the terrorist network that attacked the US on September 11, 2001. In a poll conducted by Steve Kull, an analyst for the Program on International Policy Attitudes (University of Maryland), one third of Americans believe US forces actually found WMDs and 22 per cent believe Saddam *used* biological and chemical weapons in the latest conflict. In fact, no WMDs have been found or were used. Half of all Americans believed Iraqis were among the 19 hijackers. Another survey found only 17 per cent of respondents knew no hijackers were Iraqi. In fact, none of the hijackers was Iraqi.

But at the root of Americans’ collective willingness to fall so readily for the administration’s propaganda is an overwhelming sense of fear and fatalism stemming from the 9/11 attacks and the government’s successful efforts to inject into the American psyche the threat of random terror. The color-coded terrorist alert system lights up when the administration needs more support for White House policy and legislation. The president regularly warns Americans in high-profile events, “The enemy is wounded but still resourceful and actively recruiting and still dangerous. We cannot afford a moment of complacency.” The “servants of evil who plotted the attacks” are everywhere, lurking behind trees and under buildings. Fear is like a drug; its effect is the

production of docile bodies. Terrorized by their government, Americans have stood by passively while the Bush regime expands the police state at home, through such mechanisms as the Patriot Acts,<sup>32</sup> and invaded and occupied two countries. The president and his troops have exploited every opportunity to justify their policy goals on the basis of 9/11. Tragically, Americans have done little to resist them. Yet, progressives can hope that in the weeks and months ahead, as more facts emerge revealing the true motives of the Bush administration, that Americans will recognize that Bush's foreign policy makes daily investments in a more dangerous future world.

## NOTES

1. US Central Command typically issues press releases with injuries only when there are deaths, so the actual number of injuries is certainly higher.
2. Richard A. Clarke, *Against All Enemies: Inside America's War on Terrorism* (New York: Free Press, 2004).
3. Richard Heinberg, *The Party's Over: Oil, War and the Fate of Industrial Societies* (Gabriola Island, BC, Canada: New Society Publishers, 2003).
4. The desired routes are through Turkey to the Mediterranean and through Afghanistan to Pakistan, thus bypassing routes through Russia, Azerbaijan, and Iran.
5. To pursue these ends, the industry acquired several high-profile political figures. Zbigniew Brzezinski, former NSA under President Carter, was a consultant for Amoco. Bush's vice president, Dick Cheney, advised Halliburton. Henry Kissinger, the former secretary of state under Presidents Nixon and Ford, and Robert Oakley, former State Department counter-terrorism official, were consultants for Unocal.
6. These statements are from an August 21, 1998 Unocal statement. In a press release dated September 14, 2001 Unocal emphasized, "The company is not supporting the Taliban in Afghanistan in any way whatsoever. Nor do we have any project or involvement in Afghanistan."
7. Khalilzad headed the Bush-Cheney transition team for the Department of Defense and served as Counselor to Secretary of Defense Donald Rumsfeld. Under George Bush Sr, he served as assistant under secretary of defense for policy planning. Before that, he served under Reagan from 1985 to 1989 at the Department of State, where he advised the White House on the Iran-Iraq war and the Soviet war in Afghanistan.
8. *The Washington Quarterly* (Winter 2000).
9. Lukoil (Russia) negotiated a multi-billion-dollar deal with Iraq in 1997 to develop the West Qurna field in south Iraq. As late as 2001, Total Fina Elf (France) was negotiating to develop the Majnoon field near the border of Iran.
10. Dan Morgan and David B. Ottaway, "In Iraq War Scenario, Oil is Key Issue: US Drillers Eye Huge Petroleum Pool," *The Washington Post*, September 15, 2002, A1.
11. Janine Zacharia, "Arik's American Front," *The Jerusalem Post*, (January 5, 2001), 4B.
12. Janine Zacharia, "Next Stop, Baghdad?" *Jerusalem Post* (October 12, 2001), 1B.
13. PNBC's list of contributors includes the John M. Olin Foundation (munitions and chemicals interests, with Samuel Huntington directing its Institute for Strategic



- Studies), the Sarah Scaife Foundation (big oil), and The Lynde and Harry Bradley Foundation (Reagan's Star Wars project).
14. Although Defense organized DPB as an independent advisory body, Rumsfeld appoints its members and they have access to classified information. Members of the board include former House Speaker Newt Gingrich, former Secretary of State Henry Kissinger, and former CIA Director, Jim Woolsey. DPB advises Rumsfeld and Wolfowitz through former Reagan Defense Department official Douglas Feith.
  15. *Time Magazine*, January 27, 2003.
  16. Caroline Glick, "A Return to Jacksonian Zionism," *The Jerusalem Post* (November 22, 2002), 1A.
  17. Due to conflicts of interest, Perle resigned that position. However, he remained a board member until the spring of 2004. He left the board claiming that he did not want to burden the president's re-election campaign with his provocative ideas.
  18. Zacharia, "Next Stop, Baghdad?"
  19. Peter Slevin and Glenn Frankel, "If US Wants to Engage, Analysts see Many Options," *The Washington Post* (March 31, 2003), A17.
  20. Alan Sipress, "Bush Assures Sharon on US Role in Talks," *The Washington Post* (March 21, 2001), A22.
  21. *Jerusalem Post* writer Janine Zacharia in a fall 2001 editorial, "Next Stop, Baghdad?"
  22. Frances Fitzgerald, "Threat of War: How Hawks Captured the White House," *The Guardian* (September 24, 2002), 4.
  23. Philip Dine, "US Role as Mediator is Questioned," *St. Louis Post Dispatch* (April 21, 2002), A10.
  24. Mike Allen, "White House and Hill State Support for Israel: Lobby's Meeting Draws Strong Backing," *The Washington Post*, (April 23, 2001), A11.
  25. Prominent right-wing Christians outside of government, such as Jerry Falwell, Pat Robertson, Oral Roberts, and Ralph Reed, as well as organizations such as the National Unity Coalition for Israel, have been vocal in opposing Palestinian statehood. In 1997, these groups launched a major public relations campaign, publishing an advertisement in *The New York Times* declaring, "Christians Call for a United Jerusalem." According to the ad, Israel has a divine right to Jerusalem.
  26. Julian Borger, "How I Created the Axis of Evil," *The Guardian* (January 28, 2003), p. 6.
  27. Deborah Caldwell, "Does the President Believe he has a Divine Mandate?" *The Times Union* (February 16, 2003).
  28. Aaron Latham, "How George W. Found God," *George Magazine* (September 2000).
  29. Borger, "How I Created the Axis of Evil."
  30. As Bush's first term wears on, Rove has increasingly come to believe that Powell is operating beyond the control of the White House and that the secretary of state is going about his business with a sense of entitlement. "It's constantly, you know, 'I'm in charge, and this is all politics, and I'm going to win the interecine political game,'" Rove has mocked Powell privately.
  31. This argument is an echo of points made by Joseph Cirincione of the Carnegie International Institute for Strategic Studies during an interview by the National Public Radio, January 28, 2003.
  32. An acronym for "United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism."

# September 11 and the Bush Administration: Compelling Evidence for Complicity

*Walter E. Davis*

## INTRODUCTION

The terrorist attacks on the World Trade Center and Pentagon, on September 11, 2001, have served as a pretext for draconian measures of repression at home, including a cabinet-level Department of Homeland Security, the Patriot Act 1, and its sequel. September 11 (9/11) also became the cause for numerous other acts in the US from massive increases in military spending to a Fast Track Trade Agreement for President Bush. More importantly, 9/11 serves as a pretext for a never-ending war against the world, including pre-emptive strikes against defenseless, but resource-rich countries.

Yet numerous aspects regarding the official stories about 9/11 do not fit with known facts, contradict each other, defy common sense, and indicate a pattern of misinformation and cover-up. The official reports coming out of Washington do very little to answer these concerns. For example, the Congressional report released on July 25, 2003 by a joint panel of House and Senate Intelligence Committees concluded that 9/11 resulted from CIA and FBI “lapses.” While incompetence is frightening enough given a \$40 billion annual budget for intelligence, it is simply not consistent with the known facts. It is consistent with the reports from other government scandals such as the Warren Commission’s Report and the report from the Iran/Contra affair, which produced damage control and cover-up but no answers to the more probing questions. But perhaps a comparison to Watergate is more *à propos* since the Bush administration refuses to release 28 pages of the Congressional report. The report from the Federal Emergency Management Agency (FEMA) is believable unless you are seriously interested in the truth.

Under more careful scrutiny, some answers seem impossible, most are based on speculation, and still other important answers are completely omitted.

Even after more than two years, investigations stop far too short, the public is left in the dark on too many questions that could be easily answered, and no one in the Bush administration has been held accountable for any actions surrounding the attacks of 9/11. The National Commission on Terrorists Attacks Upon the United States (NCTA), formed at the insistence of the families of some of the victims, has likewise failed to answer many of the questions asked by these families and many others. I believe the truth will be exposed only if tremendous public pressure is brought to bear from numerous sources to demand accountability from the Bush administration. It is well known that the US corporate media ask few probing questions, which aids in government cover up. But why there has been so little coverage in the alternative press, with obvious exceptions, is a mystery. The failure of accountability should be a national and international scandal. Questions of why journalists and others in the mass media are failing the people of the US and the world need to be answered.

What this chapter shows is that government agencies knew of impending attacks and were capable of preventing them, but did nothing; their accounts of the events contain contradictions and lies; and they are going to great lengths to prevent any investigation. They are reaping tremendous rewards, including those consistent with previously laid-out plans for the US to maintain its imperial hegemony through the military, economic, and political takeover of Eurasia. Although the degree to which this administration is pursuing a course of world domination at any cost is unprecedented, the course is consistent with the long history of US imperialism and atrocities. One of the best ways of halting this destructive course is to expose the Bush administration and insist on its accountability to the victims' families, the American people, and the people of the world.

The evidence presented in this chapter suggests that the most plausible explanation of the events surrounding 9/11, is that the Bush administration was complicit in the terrorist attacks and has orchestrated its cover-up. The sources cited contain extensive detailed information, additional sources, and analyses beyond what it is possible to provide in this summary.

## EVIDENCE OF COMPLICITY BY THE BUSH ADMINISTRATION IN 9/11 ATTACKS

Here is the US official story as reported by the US corporate media. On the morning of September 11, 2001 four Boeing passenger jets were hijacked within an hour by 19 Arab terrorists armed with box cutters. Pilots among these terrorists took control of the commercial planes and changed course towards targets in New York City and Washington DC. Two of the planes were deliberately crashed into the World Trade Center, causing fires within the Twin Towers that melted the steel support structures, thereby causing the buildings to collapse. A third plane was deliberately crashed into the Pentagon. Passengers on the fourth plane overpowered the hijackers and caused the plane to crash in Pennsylvania. This was an attack on America planned and directed by Osama bin Laden as the leader of al Qaeda, a previously obscure anti-US international terrorist organization composed mainly of Arabs.

This story cries out for further explanations, but nothing official is forthcoming. People are simply expected to believe the official version without question.

## THE BUSH ADMINISTRATION KNEW OF THE 9/11 ATTACKS IN ADVANCE

There are several major sources of evidence to conclude beyond reasonable doubt that numerous people, in the US and around the world, were aware of the possibility of a terrorist attack on the US, and contrary to their claims, the Bush administration was not caught by surprise. First, the entire US intelligence community knew of the 9/11 attacks beforehand, including the fact that commercial jets were to be used as bombs; they also knew the approximate dates and possible targets.<sup>1</sup> Western intelligence had been aware of plans for such terrorist attacks on US soil as early as 1995. The plan, called "Project Bojinka," was known to both the CIA and FBI and was described in court documents in the trial in New York of Ramzi Yousef and Abdul Murad for their participation in the 1993 bombing of the World Trade Center (WTC).

As early as 1996, the FBI was following the activities of Arab students at US flight schools. Several people later identified by the FBI as the hijackers, including Khalid Almihdar and Nawaf Alhazmi along with the man alleged to be the principal organizer, Mohammed Atta, were under active surveillance by US agents prior to 9/11. Several weeks

before the attack, all internal US security agencies were warned of the impending al Qaeda attacks. The Federal Aviation Administration (FAA) was warned of the possible attack but did nothing to beef up security. At least two weeks prior to 9/11 FBI agents again confirmed that an attack on Lower Manhattan was imminent. Some field agents predicted, almost precisely, what happened on September 11.<sup>2</sup>

There are numerous other reasons to dismiss as a lie the claim that the 9/11 plane hijackings and attacks caught the US government agencies by surprise—a rather ominous admission in the first place. For example, an expert panel commissioned by the Pentagon in 1993 discussed how an airplane could be used as a bomb. Notably, US security officials had considered and prepared for possible attacks by suicide planes during the Atlanta Summer Olympics in 1996. Three incidents took place in 1994, including the stolen single-engine Cessna which crashed into a tree in the White House grounds just short of the president's bedroom, and an aborted plan to crash a plane into the Eiffel Tower. As early as 1997, Russia, France, Israel, the Philippines, and Egypt had all warned the US of the possibility of the attacks. Warning came from several others sources as well. On May 25, 2002, CBS revealed that President Bush had been warned in an intelligence briefing on August 6, 2001 that bin Laden might be planning to hijack commercial planes for an attack in the US.

Second, selected people were told *not* to fly that day. *Newsweek* (September 24, 2001) reported that on September 10, “a group of top Pentagon officials suddenly canceled travel plans for the next morning, apparently because of security concerns” (p. 26). Yet this same information was not made available to the 266 people who died onboard the four hijacked commercial aircraft. A significant number of other people were warned about flying or reporting for work at the WTC. These include San Francisco Mayor Willie Brown, who received a phone call eight hours before the hijacking warning him not to travel by air. Salman Rushdie, under 24-hour protection from Scotland Yard, was also prevented from flying that day. Ariel Sharon canceled his address to Israeli support groups in New York City the day before his scheduled September 11 address. John Ashcroft stopped flying on public airplanes in July 2001. These revelations are indisputable evidence that people knew about the impending attacks.

Third, revelations of profits made by insider trading relating to the 9/11 attacks point to the top levels of US business and the CIA.<sup>3</sup> The intelligence community regularly analyses financial transactions for any suspicious activity. Only three trading days before September 11, an inordinate number of “put” options (bets that a stock will go down) were

placed on the stocks of American and United Airlines, the companies whose planes were hijacked in the attacks of 9/11. No such speculation was made on any other airline. Moreover, similar speculation occurred on other companies housed in the World Trade Center, including Merrill Lynch and Morgan Stanley Dean Witter & Co. It is noteworthy that some of the put options were purchased through Deutsche Bank/Alex Brown, a firm managed until 1998 by the current executive director of the CIA, A. B. “Buzzy” Krongard. The *New York Times* reported that Mayo Shattuck III resigned as head of the Alex Brown unit of Deutsche Bank on September 15, 2001.

These multiple, massive, and unprecedented financial transactions show unequivocally that the investors behind these trades were speculating in anticipation of a mid-September 2001 catastrophe that would involve both United and American Airlines and offices in the Twin Towers. To date, both the Securities and Exchange Commission and the FBI have been tight-lipped about their investigations of trades. The names of the investors remain undisclosed and \$5 million in profit-taking remains unclaimed in the Chicago Exchange account. A probe could isolate the investors. However, this case has recently been closed without any report being made public or anyone being held accountable. The insider-trading incident further establishes the fact that important people knew in advance of the possible attacks, did nothing about them, and are now covering them up.

### EMERGENCY PROCEDURES WERE NOT FOLLOWED

There is incontrovertible evidence that the US air force across the country was comprehensively “stood down” on the morning of 9/11. Routine security measures, normally in place, which may well have prevented the attacks or reduced their impact, were suspended while the attacks were in progress and reinstated once they were over.<sup>4</sup> The sequence of events for each hijacked plane is as follows:

- 7:59 a.m.: *American Airlines Flight 11* leaves Boston’s Logan Airport bound for Los Angeles;
  - 8:20 a.m.: it is hijacked and goes off course;
  - 8:46 a.m.: it smashes into the North Tower of the WTC;
  - 10:28 a.m.: the tower completely collapses.
- 
- 8:01 a.m.: *United Airlines Flight 93* sits on the ground for 41 minutes before leaving from Newark bound for San Francisco;

9:20 a.m.: the FAA notifies NORAD that Flight 93 has been hijacked;

9:35 a.m.: the plane goes off course near Cleveland, Ohio, where it makes a 135-degree turn, and heads to the southeast;

10:10 a.m.: it crashes in Shanksville, Pennsylvania.

8:14 a.m.: *United Airlines Flight 175* leaves from Boston bound for Los Angeles;

8:49 a.m.: it deviates from its flight path;

9:03 a.m.: it smashes into the South Tower;

9:59 am. The tower completely collapses.

8:20 a.m.: *American Airlines Flight 77* leaves from Dulles International, 30 miles west of Washington, DC bound for Los Angeles;

8:56 a.m.: transponder signal stops. It goes off course and starts making a 180-degree turn over southern Ohio/northeastern Kentucky;

9:38 a.m.: it allegedly hits the Pentagon.

Andrews Air Force Base is a huge military installation about twelve miles from the Pentagon. On 9/11 two entire squadrons of combat-ready fighter jets at Andrews failed to do their job of protecting the skies over Washington, DC. Despite over one hour's advance warning of a terrorist attack in progress, not a single Andrews' fighter tried to protect the city. The FAA, NORAD, and the military have cooperative procedures enabling fighter jets to intercept commercial aircraft under emergency conditions. They do not need instructions from the White House to intercept commercial aircraft, yet these procedures were not followed.

Within 35 minutes of American Airline Flight 11 departing from Boston's Logan Airport it stopped responding to ground control, and radar indicated that the plane had deviated from its flight path. Two airline attendants on Flight 11 had separately called American Airlines reporting a hijacking, the presence of weapons, and the infliction of injuries on passengers and crew. Yet, according to NORAD's official timeline, NORAD was not contacted until 20 minutes later at 8:40 a.m. Tragically, the fighter jets may not have been deployed until a full 32 minutes after the loss of contact with Flight 11.

Flights 175, 77, and 93 all had this same pattern of delays in notification and in scrambling fighter jets—delays that are difficult to imagine considering that one plane had, by this time, already hit the WTC. The official account of the plane striking the Pentagon is

particularly incomprehensible. After it was known that Flight 77 had a problem, it was nevertheless able to change course and fly towards Washington, for about 45 minutes, fly past the White House, and crash into the Pentagon, without any attempt at interception. All the while two squadrons of fighter aircraft were stationed just twelve miles from the eventual target. Since the plane left Dulles Airport, which is close to the Pentagon, why would hijackers fly for 40 minutes away from the intended target and then 40 minutes back unless they believed there was no chance of being intercepted?

Moreover, well-established emergency protocols were not followed by the chairman of the Joint Chiefs of Staff, the secretary of defense, or the president. Acting chairman of the Joint Chiefs of Staff, General Richard B. Myers, stated that he saw a TV report about a plane hitting the WTC but thought it was a small plane, so he went ahead with his meeting with Senator Max Cleland. By the time he came out of the meeting the Pentagon had been hit. Why did General Myers not know about the emergency until it was too late? Secretary of Defense Donald Rumsfeld was at his desk when AA77 crashed into the Pentagon. How is it possible that the National Military Command Center (NMCC), located in the Pentagon and in contact with law enforcement and air traffic controllers from 8:46 a.m., did not communicate to the secretary of defense, also at the Pentagon, about the other hijacked planes, especially the one headed to Washington?<sup>5</sup> After Secretary Rumsfeld was notified, why did he go to the War Room?

The actions of President Bush, while the attacks were occurring, were particularly suspicious because he did not do anything reasonably expected of a president required to protect US citizens and property. The Secret Service is required to inform the president immediately of any national emergency. Yet the president was permitted by the Secret Service to remain in the Sarasota elementary school. At 9:05 a.m., 19 minutes after the first attack and two minutes after the second attack on the WTC, Andrew Card, the presidential chief of staff, whispered something in Bush's ear. At that time the president did not react as if he was interested in trying to do something about the situation. He did not leave the school, convene an emergency meeting, consult with anybody, or intervene in any way to ensure that the air force completed its job. The president's approval is not required for an intercept, but it is required for commercial planes to be shot down.

Yet, Bush did not even attend to the extraordinary events occurring in New York, but simply continued with the reading class. It was not until 20 minutes after the second tower had been hit that he met privately with National Security advisor Condoleezza Rice, FBI director Robert



S. Mueller III, and New York governor George Pataki. At 9:30 a.m., he made an announcement to the press using the same words his father had used ten years earlier: “Terrorism against our nation will not stand.” His own explanations of his actions that day contradict known facts.

In the case of a national emergency, seconds of indecision could cost thousands of lives; and it is precisely for this reason that the government has a whole network of adjuncts and advisors to ensure that these top officials are among the first to be informed, not the last. Where were these individuals who did not properly inform the top officials? In short, the CIA, the DCI, the State Department, the president and key figures around him in the White House were ultimately responsible for doing *nothing* in the face of the mounting evidence of an impending threat to US national security. Nafeez Ahmed states that these acts are “indicative of a scale of negligence amounting to effective complicity” (2002, p. 167). Incompetence is a highly improbable explanation.

### THE ALLEGED TERRORISTS IN US FLIGHT SCHOOLS?

There are numerous questions regarding the alleged terrorists, including who they were, how they were able to board the planes, and whether in fact they were even on the planes.<sup>6</sup> The names of the alleged terrorists were not on the passenger lists released by the airlines. Photos of the alleged hijackers appeared on the FBI website not long after 9/11, but have since been removed. Both the British and US media reported that several of the individuals, identified as hijackers by the FBI, have been found alive. Thierry Meyssan noted that “Prince Saud Al-Faisal, the Saudi Foreign Minister, declared to the press that, ‘*It has been proven that five of the persons named in the FBI’s list had no connection with what happened*’” (2002, pp. 54–5, emphasis in the original). Indeed, how was it possible for the FBI to be taken by surprise and then produce the names of the alleged hijackers within 24 hours following the attacks? Two possibilities are that the FBI made up the names or assisted the hijackers in boarding the planes. There are reports of several rather bizarre coincidences of the alleged hijackers leaving blatantly conspicuous clues. For example, one outrageous claim is that Mohamed Atta’s passport was found at Ground Zero.

If the 19 alleged terrorists did board the planes, the US security agencies should have stopped them from entering this country for intelligence reasons, prior to 9/11, according to the testimony of Mindy Kleinberg during the hearings of NCTA. Fifteen of the 19 hijackers’ visas should have been unquestionably denied because their applications were incomplete and incorrect. Most of the alleged hijackers were

young, unmarried, and unemployed. They were, in short, the “classic over-stay candidates.” A seasoned former consular officer stated in the *National Review* magazine, “Single, idle young adults with no specific destination in the United States rarely get visas absent compelling circumstances.”<sup>7</sup>

There are several cases damaging to the credibility of the official accounts of 9/11. But the US response to Mohammed Atta, the alleged lead hijacker, is most extraordinary.<sup>8</sup> The FBI had been monitoring Atta’s movements for several months in 2000. According to PBS’s *Frontline*, the Immigration and Naturalization Service failed on three occasions to stop Atta from entering the US on a tourist visa in 2001, even though officials knew the visa had expired in 2000, and that Atta had violated its terms by taking flight lessons. Furthermore, Atta had already been implicated in a terrorist bombing in Israel, with the information passed on to the United States before he was first issued his tourist visa.

Another important aspect, as Daniel Hopsicker and Thierry Messyan have documented, is that many of the alleged terrorist pilots received their initial training in Venice, Florida at one of the flight schools of highly questionable credibility and with approval of US intelligence. Mohammed Atta attended International Officers School at Maxwell Air Force Base in Montgomery, Alabama; Abdulaziz Alomari had attended Aerospace Medical School at Brooks Air Force Base in Texas; Saeed Alghamdi had been to the Defense Language Institute in Monterey, California. These are all names of identified hijackers, but the US government has denied the match. Three days after the 9/11 attacks, FBI director Robert S. Mueller III claimed that these findings were new and had not been known by the FBI previously. This is a lie.

Zacarias Moussaoui was arrested after his flight trainers at the Minnesota flight school, Pan Am International Flight Academy, reported highly suspicious behavior. He was greatly unqualified; he wanted to learn to fly a 747 but was not interested in takeoffs or landings; he was traveling on a French passport and, when contacted, the French said he was a suspected terrorist connected to al Qaeda. A special counter-terrorism panel of the FBI and CIA reviewed the case but did not pursue it. Subsequently, Moussaoui was arrested as the “twentieth” hijacker, but was again released without charge. Government prosecutors dropped charges rather than allow Moussaoui to interview the three top al Qaeda suspects captured by the United States. Corporate media have largely ignored this story.

There are numerous glaring anomalies, illegalities, and scandals connected with Wally Hilliard and Rudi Dekkers’ Huffman Aviation

School at Venice, Florida, where other hijackers trained. Dekkers had no aviation experience and was under indictment in his native country, The Netherlands, on financial charges. He purchased his aviation school at just about the time the alleged terrorists moved into town and began their lessons. He has yet to be investigated, even though he initially trained some of the accused hijackers.

According to Hopsicker, Britannia Aviation was awarded a five-year contract to run a large regional maintenance facility at Lynchburg at a time when the company had few assets, employees, or corporate history and did not possess the necessary FAA license to perform the maintenance. Britannia was a company with known CIA connections. It was operating illegally out of Huffman Aviation, the flight school that trained al Qaeda hijackers and was given a “green light” from the Justice Department’s Drug Enforcement Administration, and the local Venice Police Department was warned to “leave them alone.”

One answer to the question of how the accused terrorists entered the US with ease is that the Bush administration made it possible for Saudi visitors to come to the US under a program called US Visa Express, introduced four months before September 11. This was at a time when the US intelligence community was on alert for an imminent al Qaeda attack. Michael Springmann, former head of the Visa Bureau at the US Consulate in Jeddah, Saudi Arabia, said that he was repeatedly ordered by high-level State Department officials to issue visas to unqualified applicants. His complaints to higher authorities at several agencies went unanswered. In a CBC interview, he indicated that the CIA was indeed complicit in the attacks.<sup>9</sup>

Most of the accused hijackers were Saudis, as is Osama bin Laden, and the Saudi Arabian government is known to give financial support to terrorist organizations. Why, then, is Iraq and not Saudi Arabia a target if the US government is concerned about terrorism? The obvious answer seems to be that the Saudi Arabian monarchy has a long-standing cooperative business relationship with US oil and arms industries, possibly including a provision to curtail surveillance on their activities.<sup>10</sup> Iraq at the time of 9/11 had no such cooperative arrangement. There is evidence that Osama bin Laden continues to receive extensive support, not only from members of his own family, but also from members of the Saudi establishment. A *New Statesman* report stated that “bin Laden and his gang are just the tentacles; the head lies safely in Saudi Arabia, protected by US forces.” The hijackers the FBI identified as being responsible for 9/11 were not illiterate, bearded fanatics from Afghanistan. They were all educated, highly skilled, middle-class

professionals and not the typical kamikaze pilots they are alleged to have been. Of the alleged men involved, 13 were Saudi nationals.

### OSAMA BIN LADEN: MASTERMIND, ACCOMPLICE, OR SET-UP?

Osama bin Laden was unofficially convicted of the attacks within a time-frame too brief to possibly have allowed any genuine supporting intelligence to have been gathered. That is, conviction would not be impossible if they did not already possess that information. Either the charges are contrived or the government agencies had some forewarning of the attacks, even if it was not specific.

It is nearly impossible that bin Laden was involved except in the capacity of complicity with US authorities or at best, in the context of the current administration knowing all along his plans and deliberately allowing him to carry them out. From the beginning no convincing evidence against bin Laden has been made public. Until mid-December, there was nothing but the continued repetition of his name. Steve Grey reports that an official document from the British government detailing allegations against bin Laden provides no convincing evidence. Of the 69 points of "evidence" cited, ten relate to background information about the relationship between bin Laden and the Taliban; 15 relate to background information regarding the general philosophies of al Qaeda, and its relationship to bin Laden; none gives any facts concerning the events of 9/11; and most do not even attempt to directly relate anything mentioned to the events of that day. Twenty-six list allegations relating to previous terrorist attacks. Even if bin Laden were convicted of previous terrorist attacks, it is well known that this fact alone would not stand up in a court of law as evidence for involvement of September 11.

Within less than four hours of the attacks, the media were fed comments that assumed bin Laden's guilt and were made on the basis of events that could not have possibly occurred. The Pentagon and the Department of Defense used dialogue attributed to bin Laden in an effort to incriminate him, while refusing to release all of the dialogue or issue a verbatim, literal translation. On December 13, 2001 the Bush administration offered an alleged "confession" tape as the only evidence, and this has simply been accepted by many in the media and in the general population as sufficient to declare his guilt. But a fake tape is easily produced with today's technology. Thus, against the backdrop of the many reported denials by bin Laden that he was involved in the attacks, there are few reasons to accept this "evidence" as convincing.

Rather, one must ask why was it considered necessary to lie in order to create a case against bin Laden?

What is certain is that Osama bin Laden's picture became the focus of most people in the US, establishing an image of an evil enemy, and thereby creating the important psychological mind-set to accept revenge. This constant barrage of news coverage of bin Laden and al Qaeda also diverted attention from questions about why the attacks were not prevented. Added to this is the fact that today, with the wars in Afghanistan and Iraq declared over, bin Laden, "public enemy number one," is all but forgotten by the US corporate media.

If bin Laden was really the mastermind of the attacks, it is not likely that the FBI agents would have been ordered to curtail their investigation of these attacks on October 10, 2001.<sup>11</sup> Moreover, the FBI was called off its investigation of bin Laden and the Saudi royal family prior to 9/11. Soon after entering the White House, the Bush administration strengthened an existing order to the FBI to "back off" their investigations of Saudi-based terrorist organizations, including the World Assembly of Muslim Youth, headquartered in Falls Church, Virginia, and run by a brother of Osama bin Laden. John O'Neill, the FBI agent who for years led US investigations into bin Laden's al Qaeda network, complained bitterly that the State Department blocked attempts to prove bin Laden's guilt in the bombing of the USS *Cole*. He resigned in protest and became head of security for the World Trade Center, where he was killed on September 11. One law enforcement official was quoted as saying, "The investigative staff has to be made to understand that we're not trying to solve a crime now." The FBI agents were commanded to cut short their investigations into the attacks and those involved. FBI agents were threatened with prosecution under the National Security Act if they publicized information from their investigations. David P. Schippers, noted Chicago lawyer and the House Judiciary Committee's chief investigator in the Clinton impeachment trial, is now representing some of the FBI agents in a suit against the US government in an attempt to enable them to legally tell what they know.

### THE OFFICIAL STORY OF 9/11 IS SIMPLY IMPLAUSIBLE

As former German minister of technology, Andreas von Buelow, remarked, "Planning the attacks was a master deed, in technical and organizational terms. To hijack four big airliners within a few minutes and fly them into targets within a single hour and doing so on complicated flight routes! That is unthinkable, without backing from

the secret apparatuses of state and industry.” Thus, it should not be surprising that many important unanswered questions surround the attacks on the WTC and the Pentagon.

According to some scientists it is not possible for the World Trade Center’s Twin Towers to have collapsed in the manner they did as a result of being struck by two jet planes. The first official version, that the burning jet fuel caused the steel girders supporting the Twin Towers to melt, had to be changed when no credible scientific evidence supported it. But subsequent versions are also speculation. The WTC towers were designed to take the impact of a Boeing 707. It is not possible that fire from the jet fuel could have melted the steel girders. South Tower was hit second but fell first. Both towers collapsed evenly and smoothly in a manner consistent with that caused by a planned demolition. Steel buildings are not known to collapse because of fire, and concrete does not turn to powder when it crashes to the ground. Rather, based upon scientific evidences, photos and videos of the event, and reports of scientists, the WTC architect and engineers, it is more convincing that the towers collapsed because of demolition rather than burning jet fuel.<sup>12</sup>

The collapse of the tower known as WTC-7 raises even more questions because it was not hit by anything but debris and yet it collapsed in a manner similar to the Twin Towers only seven hours later.<sup>13</sup> There is record only of small fires seen on a few floors prior to its collapse. No one, including FEMA, has explained why WTC-7 collapsed.

Even more outrageous are the official story and secrecy regarding the Pentagon. The Pentagon is the largest office building in the world (6.5 million square feet of floor space) housing more than 20,000 people. At the time of the attacks, its occupation was normal except for the one section being renovated. The story people are expected to believe is that a large commercial plane was piloted by a hijacker inexperienced in flying, but who nevertheless circled the Pentagon making a 280-degree turn, traveling at approximately 345 mph (555 km/hr), and flew very low to the ground (the Pentagon is 80 feet high) in order to crash orthogonally into the one section being renovated. An aerial view shows that the only sensible way to crash into the Pentagon as a kamikaze is to fly straight on aiming at the center. Also damaging to the official story is the fact that on September 14 the Department of Defense announced that emergency workers had found the two black boxes, but except for small pieces, no plane, luggage, or passenger debris was recovered. The military first denied that there were any videos of the crash and then produced five images after French investigator Thierry Meyssan’s (2002) book showed the improbability of the official account.

Mystery also surrounds the plane crash in Shanksville, Pennsylvania. The most obvious question concerns the remains of the plane and its passengers, which seem to have vanished in thin air. Who were the passengers aboard Flight 93? The official reports of cell phone contact with passengers of Flight 93 are highly unlikely given recent research and expert testimony.<sup>14</sup> No recording of these calls has been made public. Also, what was the explosion reported by some of the local people who witnessed the crash? Another eyewitness reported seeing a white plane resembling a fighter jet circling the site just after the crash. As in the case of Ground Zero, no one has been allowed near the site.

It is well known that bin Laden's close working relationship with the CIA began in the 1980s. The claim is that they have since fallen out, but this story is a lie. Indeed, on October 31, the French daily *Le Figaro* reported that while in a Dubai hospital receiving treatment for a chronic kidney infection in July 2001, Osama bin Laden met with a top CIA official. The bin Laden and Bush families have maintained close business ties through the Carlyle Group. Some of the members of the bin Laden family and the Saudi royal family were in the US during the attack and were flown out shortly after. George Bush Sr met with Shafiq bin Laden, one of Osama's brothers, on September 10 in Washington, DC at a Carlyle Group business conference. According to the corporate media spin, this is OK, because the rest of the family has disowned Osama for his terrorist activities and anti-US views. The evidence amply confirms that the CIA never severed its ties to the Islamic Militant Network. Since the end of the Cold War these covert intelligence links have not only been maintained, they have become increasingly sophisticated.

If bin Laden was an enemy of the US, he could have been captured before 9/11 and should have been captured since. There have been several opportunities to capture him after declaring him wanted for the 1993 bombing of the WTC, but no effort to do so was made.<sup>15</sup> Prior to 9/11, the FBI attributed the attacks on the embassies in Nairobi and Dar-es-Salaam to Osama bin Laden and offered a \$5 million ransom. Sudan offered to assist the Clinton administration in capturing bin Laden, but was ignored. It was also reported that bin Laden was meeting with the CIA as late as July 2001 (while in the American Hospital in Dubai). An examination of US efforts to capture Osama bin Laden shows they have in fact, with the help of two allies, Saudi Arabia and the United Arab Emirates, consistently blocked attempts to investigate and capture him. Eleven bin Laden family members were flown safely out of the same Boston airport where the hijacking took place a few days earlier.

Why were family members of the most wanted man in America not detained for questioning?

### AN ALTERNATIVE STORY TIES THE ALLEGED TERRORISTS TO THE CIA AND PAKISTAN'S ISI

It is most likely that Pakistan's Inter Services Intelligence (ISI) was directly involved in 9/11.<sup>16</sup> The links between al Qaeda, Pakistan's ISI and the CIA, and between the ISI, Osama bin Laden and the Taliban axis are a matter of public record. The CIA also has close cooperative links with Mossad (Israeli intelligence) which also may have played an important role in 9/11. Pakistan has long been a supporter of al Qaeda. The ISI has been a mechanism by which the CIA indirectly channeled support to al Qaeda and has been used by successive US administrations as a "go-between." Pakistan's military intelligence apparatus constitutes the core institutional support to both Osama bin Laden's al Qaeda and the Taliban. Without this institutional support, there would have been no Taliban government in Kabul. In turn, without the support of the US government, there would be no powerful military intelligence apparatus in Pakistan.

It was reported that ISI's director-general, General Mahmoud Ahmad, had funneled \$100,000 to the alleged lead hijacker, Mohammed Atta, shortly before September 11. The US government protected him, and itself, by asking him to resign after the discovery, thus blocking a further inquiry and a potential scandal. In the wake of 9/11, the Bush administration consciously sought the "cooperation" of the ISI, which had been supporting and abetting Osama bin Laden and the Taliban. In other words, the Bush administration's relations with Pakistan's ISI, including its "consultations" with General Mahmoud Ahmad in the week prior to September 11, raise the issues of cover-up and complicity. While Ahmad was talking to US officials at the CIA and the Pentagon, the ISI allegedly had contacts with the 9/11 terrorists.

### THOSE WHO BENEFITED THE MOST FROM 9/11

The 9/11 attacks came at an extremely fortuitous time for the Bush administration, the Pentagon, the CIA, the FBI, the weapons industry, and the oil industry, all of which have benefited immensely from this tragedy, as has Israel. It is worth noting the astute observations of Canadian social philosopher John McMurtry: "To begin with, the forensic principle of 'who most benefits from the crime?' clearly points in the direction of the Bush administration. ... The more you



review the connections and the sweeping lapse of security across so many coordinates, the more the lines point backwards” [to the White House]. If you add “follow the money,” one trail goes from the CIA to Pakistan’s ISI to al Qaeda, and another trail goes from US taxpayers to particular players in the military-industrial complex connected to the Bush administration.

The 9/11 disaster has resulted in power and profit at home and abroad by both the bin Laden and the Bush families. There are significant business ties between bin Laden and senior members of the Bush administration through the Carlyle Group, the giant private and secretive investment firm managing some \$14 billion in assets, including many defense-related companies. Carlyle employs George Bush Sr, and has long-standing financial ties to the bin Laden family. So while there is compelling evidence that Osama bin Laden has not broken from his family, it is also a matter of record that the Bush administration is in turn very significantly tied to the same family. Reports have emerged that the Carlyle Group, Halliburton, and many other firms with ties to the Bush administration have profited immensely from the wars in Afghanistan and Iraq and from the militarization of US foreign policy.

Israel is the regional watchdog for the West but is also dependent on the US for its security. Clearly it benefits from the US occupation of one of its most feared enemies. It may also now share in some of the benefits from the world’s second largest oil reserve.

Two further arguments support the contention that the Bush administration’s complicity in 9/11, but the details are given in other chapters of this volume. First, it is recognized that the wars on Afghanistan and Iraq were planned prior to 9/11 as revealed in documents from the Project for a New American Century and in Zbigniew Brzezinski’s “The Grand Chessboard.” Second, there are well-documented precedents for government acts of complicity and fabrications.<sup>17</sup>

## LIES, SECRECY, AND COVER-UP

There has never been a single event in the history of the US republic which has received more media coverage. Moreover, there were 2,952 people killed in the 2001 World Trade Center attacks, more civilian deaths on a single day than at any other time. In spite of the unprecedented magnitude of death and destruction in New York on 9/11, the US government spent only \$600,000 for its single study of the causes for the Twin Towers collapses. Compare this to the \$40 million that was spent investigating Bill Clinton’s activities with Monica Lewinsky in 1988–99 and the only rational conclusion is that there is no desire on

the part of the Bush administration for the public to know the truth about 9/11.

The lies of the Bush administration are numerous and currently many of them are well publicized, including Bush's claim that he saw on TV one of the planes crashing into the tower before any video was ever shown. This was just one of Bush's seven different "recalls" of the events on September 11. The statements of the FAA, NORAD, the air force pilots, and traffic controllers conflict, contradict known facts, and defy reason. In spite of this deliberate deception, the mass media have made very little of the fact that from the beginning, the Bush administration has vigorously attempted to thwart any investigation into the circumstances of the attack.

Airline crashes are routinely investigated with great thoroughness, and the results released to the public. By contrast, the Bush administration has barred virtually any release of information about 9/11. For nearly six months, it blocked Congressional hearings and rejected calls for a special commission of inquiry. The White House finally worked out a deal with the Democratic and Republican Congressional leaders to consign the investigation to hearings held jointly by the House and Senate intelligence committees but continued its intimidations.

The joint Congressional hearings were held behind closed doors, and their 800-page secret report detailing the intelligence and law enforcement failures that preceded the attacks (including provocative, if unheeded warnings, given to President Bush and his top advisors during the summer of 2001) was completed in December 2003. Yet only a bare-bones list of "findings" with virtually no details has been made public. But nearly six months later, a "working group" of Bush administration intelligence officials assigned to review the document has taken a hard line against further public disclosure. By refusing to declassify many of its most significant conclusions, the administration has essentially thwarted Congressional plans to release the report. The intelligence officials' attempt to reclassify other aspects of the report seems ludicrous. As noted at the beginning of this chapter, only because the families of some of the victims of 9/11 were persistent was an independent commission formed. After stonewalling, the White House, incredibly, appointed Henry Kissinger as its head. He resigned shortly after. With New Jersey governor Thomas Kean finally appointed to lead the commission, questions of conflict of interest remain. Even so, the White House wrestled with the Kean Commission, refusing to release necessary documents.

It is also noteworthy that officials in the Bush administration illegally removed pages from the Iraq UN report, pages that are believed to

identify those who supplied Saddam Hussein's regime with weapons of mass destruction and training on how to use them. These acts are not isolated, unfortunate mistakes, but demonstrate a consistent pattern. While President George W. Bush and Attorney General John Ashcroft call for more and more intrusive surveillance capabilities on citizens of the US, they themselves operate in unprecedented secrecy.

The Federal Emergency Management Agency's failure to investigate and its cover-up are truly beyond belief. Only a team of volunteer investigators was assembled, then given no funding and not allowed to go to Ground Zero. People were threatened with arrest if they took pictures at the two sites of the attack and the site of the plane crash in Pennsylvania. Instead of being made available to the investigating team, the debris from the collapsed Twin Towers was removed from the site without forensic examination and sold to scrap merchants overseas with pledges of secrecy about the contents. Controlled Demolition Inc. of Phoenix, Maryland was one of the site's main clean-up management contractors and their plan for recycling the steel was accepted.

The Securities and Exchange Commission refused to report on its insider trading investigation into people who made millions from the 9/11 tragedy. As part of the cover-up there have been constant distractions away from the real issues of 9/11 with such media headlines as orange alerts, anthrax attacks, and CIA agent exposures. Moreover, the reasonable calls for an investigation into the events surrounding 9/11, made by US Congressional Representatives Nancy Pelosi and Cynthia McKinney inspired the kind of outrage that is generally motivated by a desire to suppress rather than reveal the truth.

## SUMMARY AND CONCLUSION

If government agencies knew of the impending attacks, were capable of preventing them, but did nothing, their accounts of the events contained contractions and lies; they went to great lengths to prevent any investigation and subsequently reaped tremendous benefits, what should be concluded? The evidence seems clear that if the many agencies of the US government had done their jobs, the 9/11 attacks most likely would have been prevented. If there had been an immediate investigation into 9/11, the wars on Afghanistan and Iraq could not have been justified simply on the basis of terrorism. Surely questions must be asked as to why no one in any of the government agencies has been held accountable, and why journalists and others in the mass media are not held responsible for the cover-up, deception, and lack of investigative reporting. Given the evidence presented it is not surprising that public

whistleblowing is beginning to emerge. It remains to be seen what will happen with the pending class action lawsuits being brought against persons in the administration for letting 9/11 happen.

One important insight into conspiracy theories concerns how hierarchical authoritarian social systems function. Top-down directives and commands, especially if they carry the weight of threats of censorship and punishment, serve to keep any dissent in check. There is a great deal of self-censorship operating in all institutions in the US. Shared ideology, or perhaps more specifically what social psychologists in studies of organizational behavior call “groupthink,” also plays a major role among the decision-makers. Groupthink is decision-making characterized by uncritical acceptance of and conformity to the prevailing view. Thus, the will of a few key people can be spread within and across government agencies.

Thus the possibility of complicity on the part of the Bush administration is very real. Past history, as well as the currently established facts, is on the side of those raising this possibility. At the very least, further and more honest investigations must take place and some accountability exacted from those responsible.

It seems apropos to conclude (I paraphrase): “if you are part of the problem, then you are not part of the solution.” Thus the solution lies with the people themselves and not with any US government agency, least of all the Executive. It is critical to appeal to the several important alternative media outlets who have bought into the official story of “blowback,” to reconsider their position. It took 25 years for Robert B. Stinnett<sup>18</sup> to bring to conclusion the evidence showing Roosevelt’s involvement in Pearl Harbor. Will it take 25 years before the truth of 9/11 is brought to light? Are the efforts of Stinnett and others to be for naught?

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## **Part II**

# **The Neo-conservative Destruction of American Society**





# 4

## Above the Law: Executive Power after September 11

*Alison Parker and Jamie Fellner*

### GOOD GOVERNMENT UNDER LAW

Since taking office, President George W. Bush has governed as though he had received an overwhelming mandate for policies that emphasize strong executive powers and a distrust—if not outright depreciation—of the role of the judiciary. The Bush administration has frequently taken the position that federal judges too often endorse individual rights at the expense of policies chosen by the Executive or Legislative branches of government, and it has looked to nominate judges who closely share its political philosophy. But the concern is more fundamental than specific judges or decisions. Rather, the administration seems intent on shielding executive actions deemed to promote national security from any serious judicial scrutiny, demanding instead deference from the courts on even the most cherished of rights, the right to liberty.

Much of the US public's concern about post-September 11 policies has focused on the government's new surveillance powers, including the ability to peruse business records, library files, and other data of individuals against whom there may not even be any specific suspicion of complicity with terrorism. These policies potentially affect far more US citizens than, for example, the designation of "enemy combatants," or the decision to hold individuals for months in prison on routine visa charges. But the latter efforts to diminish the right to liberty and to curtail or circumvent the courts' protection of that right may be far more dangerous to the US polity as a whole. Critics of the administration's anti-terrorism efforts have raised concerns that civil liberties are being sacrificed for little benefit in national security. But those critiques have generally failed to grapple with more fundamental questions: who should decide how much protection should be afforded individual rights and who should determine what justice requires—the

Executive or the Judiciary? And who should determine how much the public is entitled to know about domestic anti-terrorist policies that infringe on individual rights?

Many of the Bush administration's post-September 11 domestic strategies directly challenge the role of federal and administrative courts in restraining executive action, particularly action that affects basic human rights. Following September 11, the Bush administration detained over 1,000 people presumed guilty of links to or of having knowledge of terrorist activities, and it impeded meaningful judicial scrutiny of most of those detentions. It has insisted on its right to withhold from the public most of the names of those arrested in connection with its anti-terrorism efforts. It has designated persons arrested in the United States as "enemy combatants" and claims authority to hold them incommunicado in military prisons, without charges or access to counsel. It insists on its sole authority to keep imprisoned indefinitely and virtually incommunicado hundreds of men at its military base at Guantánamo Bay, Cuba, most of whom were taken into custody during the US war in Afghanistan. It has authorized military trials of foreign detainees under rules that eschew a meaningful right of defense and civilian appellate review.

In all of these actions, the Bush administration has put the ancient right to Habeas Corpus under threat, perhaps unsurprisingly since Habeas "has through the ages been jealously maintained by courts of law as a check upon the illegal usurpation of power by the executive."<sup>1</sup> Habeas Corpus, foreshadowed in 1215 in the Magna Carta and enshrined in the US Constitution after centuries of use in England, guarantees every person deprived of his or her liberty a quick and efficacious check by the courts against "all manner of illegal confinement."<sup>2</sup>

The Bush administration argues that national security—the need to wage an all-out "war against terrorism"—justifies its conduct. Of course, there is hardly a government that has not invoked national security as a justification for arbitrary or unlawful arrests and detentions. And there is hardly a government that has not resisted judicial or public scrutiny of such actions. But the administration's actions are particularly troubling and the damage to the rule of law in the United States may be more lasting because it is hard to foresee an endpoint to the terrorist danger that the administration insists warrants its actions. It is unlikely that global terrorism will be defeated in the foreseeable future. Does the US government intend to hold untried detainees for the rest of their lives? Does it intend to keep the public from knowing who has been arrested until the last terrorist is behind bars?

US anti-terrorism policies not only contradict principles woven into the country's political and legal structure, they also contradict international human rights principles. The diverse governmental obligations provided for in human rights treaties can be understood as obligations to treat people justly. The imperative of justice is most explicitly delineated with regard to rights that are particularly vulnerable to the coercive or penal powers of government, such as the right to liberty of person. Human rights law recognizes that individual freedom should not be left to the whim of rulers. To ensure restraints on the arbitrary or wrongful use of a state's power to detain, the International Covenant on Civil and Political Rights (ICCPR), to which the United States is a party, requires that the courts—not the Executive Branch—decide the legality of detention.<sup>3</sup> The ICCPR also establishes specific requirements for court proceedings where a person's liberty is at stake, including that the proceedings be public. Even if there were to be a formally declared state of emergency, restrictions on the right to liberty must be "limited to the extent strictly required by the exigencies of the situation."<sup>4</sup>

Justice cannot exist without respect for human rights. As stated in the preamble of the Universal Declaration of Human Rights, "recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world." The Bush administration's rhetoric acknowledges human rights and insists that the fight against terrorism is a fight to preserve "the non-negotiable demands of human dignity, the rule of law, limits on the power of the state—and equal justice," as President Bush told the graduating class of the West Point military academy in June 2002. But the Bush administration's actions contradict such fine words. Taken together, the Bush administration's anti-terrorism practices represent a stunning assault on basic principles of justice, government accountability, and the role of the courts.

It is as yet unclear whether the courts will permit the Executive Branch to succeed. Faced with the government's incantation of the dangers to national security if it is not allowed to do as it chooses, a number of courts have been all too ready to abdicate their obligation to scrutinize the government's actions and uphold the right to liberty. During previous times of national crisis the US courts have also shamefully failed to protect individual rights—the internment of Japanese Americans during World War II, which received the Supreme Court's seal of approval, being one notorious example. As new cases arising from the government's actions make their way through the judicial process, one must hope that the courts will recognize the unprecedented dangers for human rights and justice posed by the Bush administration's

assertion of unilateral power over the lives and liberty of citizens and non-citizens alike.

### ARBITRARY DETENTIONS OF VISA VIOLATORS

In a speech shortly after the September 11 attacks, Attorney General John Ashcroft said, “Let the terrorists among us be warned. If you overstay your visa, even by one day, we will arrest you. If you violate a local law, you will be put in jail and kept in custody for as long as possible.”<sup>5</sup> The Attorney General carried out his threat, using a variety of strategies to secure the detention of more than 1,200 non-citizens in a few months. We do not know how many, if any, terrorists were included among these detainees. Only a handful was charged with terrorism-related crimes. But we do know that the haphazard and indiscriminate process by which the government swept Arabs and Muslims into custody resulted in hundreds of detentions that could not be effectively reviewed or challenged because the Executive weakened or ignored the usual checks in the immigration system that guard against arbitrary detention.

The right to liberty circumscribes the ability of a government to detain individuals for purposes of law enforcement—including protection of national security. While the right is not absolute, it is violated by arbitrary detentions, i.e., detentions that are either not in accordance with the procedures established by law or which are manifestly disproportional, unjust, unpredictable, or unreasonable. International and US Constitutional law mandates various safeguards to protect individuals from arbitrary detention, including the obligations of authorities to inform detainees promptly of the charges against them; the obligation to permit detainees to be released on bail pending conclusion of legal proceedings in the absence of strong countervailing reasons, such as the individual’s danger to the community or flight risk; and the obligation to provide a detainee with effective access to a court to review the legality of the detention. In the case of hundreds of post-September 11 detainees in the United States, the government chose, as a matter of policy and practice, to ignore or weaken these safeguards.

It did so because one of its key post-September 11 strategies domestically was to detain anyone who it guessed might have some connection to past or future terrorist activities, and to keep them incarcerated for as long as necessary to complete its investigations into those possible connections. US criminal law prohibits detention solely for the purpose of investigation, i.e., to determine whether the detained individual knows anything about or is involved in criminal activities.

The law also prohibits “preventive” detentions, incarceration designed to prevent the possibility of future crimes. Detention must be predicated on probable cause to believe the suspect committed, attempted, or conspired to commit a crime. Judges—not the Executive Branch—have the ultimate say, based on evidence presented to them, as to whether such probable cause exists. The Bush administration avoided these legal strictures against investigative or preventive detentions through the use of arrests for immigration law violations and “material witness” warrants. At the same time, it avoided or limited the ability of detainees to avail themselves of protections against arbitrary detention, including through meaningful judicial review.

Immediately after the September 11 attacks, the Department of Justice began a hit-or-miss process of questioning thousands of non-citizens, primarily foreign-born Muslim men, who it thought or guessed might have information about or connections to terrorist activity. At least 1,200 non-citizens were subsequently arrested and incarcerated, 752 of whom were charged with immigration violations.<sup>6</sup> These so-called “special interest” immigration detainees were presumed guilty of links to terrorism and incarcerated for months until the government “cleared” them of such connections. By February 2002 the Department of Justice acknowledged that most of the original “special interest” detainees were no longer of interest to its anti-terrorist efforts, and none was indicted for crimes related to the September 11 attacks. Most were deported for visa violations.

In effect, the Department of Justice used administrative proceedings under the immigration law as a proxy to detain and interrogate terrorism suspects without affording them the rights and protections that the US criminal system provides. The safeguards for immigration detainees are considerably fewer than for criminal suspects, and the Bush administration worked to weaken the safeguards that do exist. Human Rights Watch and other groups have documented the various ways the administration ran roughshod over the rights of these special interest detainees.<sup>7</sup> In June 2003, the Department of Justice’s Office of the Inspector General released a comprehensive report on the treatment of the September 11 detainees which confirmed a pattern of abuses and delays for the “detainees, who were denied bond and the opportunity to leave the country.... For many detainees, this resulted in their continued detention in harsh conditions of confinement.”<sup>8</sup>

For example, unlike criminal suspects, immigration detainees have no right to court-appointed counsel, although they do have a right to seek private counsel at their own expense. But in the case of the September 11 detainees, public officials placed numerous obstacles in the way of

obtaining legal representation.<sup>9</sup> Detainees were not informed of their right to counsel or were discouraged from exercising that right. The Immigration and Naturalization Service (INS), a division of the US Department of Justice,<sup>10</sup> failed to inform attorneys where their clients were confined or when hearings were scheduled. Detainees in some facilities were permitted one weekly phone call, even to find or speak to an attorney; a call that did not go through nonetheless counted as the one permissible call. Not having prompt access to lawyers, these “special interest” detainees were unable to protest violations of immigration rules to which they were subjected, including being held for weeks without charges (some detainees were held for months before charges were filed). The government never revealed the alleged links to terrorism that prompted their arrest, leaving them unable to prove their innocence. The government also took advantage of the lack of counsel to conduct interrogations that typically addressed criminal as well as immigration matters (under criminal law, suspects have the right to have an attorney present during custodial interrogations, including free legal counsel if necessary).

In most immigration proceedings where non-citizens have violated the provisions of their visa, their detention is short. They will have a bond hearing relatively quickly after charges have been filed, and unless there is reason to believe the detainee is a danger to the community or will abscond, immigration judges will permit the detainee to be released on bond. With regard to the special interest detainees, however, the Department of Justice adopted several policies and practices to ensure they were denied release until it cleared them of terrorism links. For example, under immigration procedure, immigration judges do not automatically review whether there is probable cause for detention; hearings are not scheduled until after charges have been filed. The government’s delay of weeks, and in some cases months, in filing charges had the practical effect of creating long delays in judicial review of the detentions. Additionally, the government urged immigration judges to set absurdly high bonds which the detainee could not possibly pay or simply to deny bond, arguing that the detainee should remain in custody until the government was able to rule out the possibility of links to or knowledge of the September 11 attacks.

The INS also issued a new rule that permitted it to keep a detainee in custody if the initial bond was more than \$10,000, even if an immigration judge ordered him released; since the INS sets the initial bond amount, this rule gave the Department of Justice the means to ensure detainees would be kept in custody. In addition, there were cases in which the Department of Justice refused to release a special interest

detainee even if a judge ordered the release because the detainee had not yet been “cleared” of connections to terrorism. Indeed, the INS continued to hold some detainees even after they had been ordered to be deported because of lack of “clearance” even though the INS is required to remove non-citizens expeditiously, and in any event within 90 days of a deportation order, as required by statute. In short, through these and other mechanisms, the immigration process to which the special interest detainees were subjected effectively reversed the presumption of innocence—non-citizens detained for immigration law violations were kept jailed until the government concluded they had no ties to criminal terrorist activities. As a result, special interest detainees remained in detention for an average of 80 days, and in some cases up to eight months, while they waited for the FBI to clear them of links to terrorism.

The long delays were endured by non-citizens who were picked up by chance by the FBI or INS as well as those the government actually had reason to believe might have a link to terrorism. Once a person was labeled of “special interest,” there were no procedures by which those who in fact were of no interest could be processed more quickly. As the Office of the Inspector General noted, the lengthy investigations “had enormous ramifications,” since detainees “languished” in prison while waiting for their names to be cleared.<sup>11</sup>

Despite the Inspector General’s scathing criticism of the government’s treatment of the detainees, the Department of Justice was unrepentant, issuing a public statement that it makes “no apologies for finding every legal way possible to protect the American public from further terrorist attacks... The consequences of not doing so could mean life or death.”<sup>12</sup> As of October 2003, the Executive Branch had adopted only two of the Inspector General’s 21 recommendations designed to prevent a repetition of the problems documented.

### SECRET ARRESTS AND HEARINGS OF SPECIAL INTEREST DETAINEES

History leaves little doubt that when a government deprives persons of their liberty in secret, human rights and justice are threatened. In the United States, detentions for violations of immigration laws are traditionally public. Nevertheless, of the 1,200 people reported arrested in connection with the post-September 11 investigations in the United States, approximately 1,000 were detained in secret.<sup>13</sup> The government released the names of some 100 detained on criminal charges, but it has refused to release the names, location of detention, lawyers’ names, and



other important information about those held on immigration charges. Even now, it refuses to release the names of men who have long since been deported.

The public secrecy surrounding the detentions had a very real and negative impact on detainees' ability to defend themselves. It made it difficult for family members and lawyers to track the location of the detainees, who were frequently moved; it prevented legal services organizations from contacting detainees who might need representation; and it prevented organizations such as Human Rights Watch from getting in touch with detainees directly and talking to them about how they were treated during their arrests and detentions.

On October 29, 2001, Human Rights Watch and other groups sought the names of the detainees, their lawyers' names, and their places of detention under the US Freedom of Information Act (FOIA)—legislation that mandates government disclosure of information subject to certain narrowly defined exceptions. The Department of Justice denied the request. When Human Rights Watch and the other groups went to court to challenge the government's denial, the government insisted that the release of the names would threaten national security, speculating about possible scenarios of harm that could flow if the names were public. For example, it asserted that revealing the names would provide terrorists with a road map to the government's anti-terrorism efforts. This argument appeared particularly specious since it was unlikely that a sophisticated terrorist organization would fail to know that its members were in the custody of the US government, especially since detainees were free to contact whomever they wished.

A federal district court rejected the government's arguments for secrecy in August 2002 and ordered the release of the identities of all those detained in connection with the September 11 investigation. The judge called the secret arrests "odious to a democratic society—and profoundly antithetical to the bedrock values that characterize a free and open one such as ours."<sup>14</sup> However, in June 2003 the court of appeals reversed that decision. In a passionate dissent, one appellate judge noted:

Congress ... chose ... to require meaningful judicial review of all government [FOIA] exemption claims .... For all its concern about the separation-of-powers principles at issue in this case, the court violates those principles by essentially abdicating its responsibility to apply the law as Congress wrote it.<sup>15</sup>

In October 2003, Human Rights Watch and 21 other organizations asked the US Supreme Court to overturn the appellate decision and to compel the Department of Justice to release the names.

Meanwhile, the Department of Justice imposed blanket secrecy over every minute of 600 immigration hearings involving special interest detainees so that even immediate family members were denied access to the hearings. The policy of secrecy extended even to notice of the hearing itself: courts were ordered not to give out any information about whether a case was on the docket or scheduled for a hearing.<sup>16</sup> The Justice Department has never presented a cogent rationale for this closure policy, particularly since deportation proceedings are typically limited to the simple inquiry of whether the individual is lawfully present or has any legal reason to remain in the United States, an inquiry that should not require disclosure of any classified information. Moreover, if the Justice Department sought to present classified information during a hearing, simply closing those portions of the proceedings where such material was presented could have protected national security.

Newspapers brought two lawsuits challenging the secret hearings, alleging the blanket closure policy violated the public's constitutional right to know "what their government is up to." In one case in August 2002, an appellate court struck down the policy. The court minced no words in explaining just what was threatened by the government's insistence on secrecy, stating that:

The Executive Branch seeks to uproot people's lives, outside the public eye, and behind a closed door. Democracies die behind closed doors. The First Amendment, through a free press, protects the people's right to know that their government acts fairly, lawfully, and accurately in deportation proceedings. When government begins closing doors, it selectively controls information rightfully belonging to the people.<sup>17</sup>

The government declined to appeal this decision to the Supreme Court.

In the second case, a federal appeals court upheld the closures, finding that the need for national security was greater than the right of access to deportation hearings. The Supreme Court declined to review that decision in May 2003. Significantly, in its brief filed in opposition to the Supreme Court hearing the case, the US government distanced itself from the blanket closure policy, stating that it was not conducting any more secret hearings and that its policies relating to secret hearings were under review and would "likely" be changed.

## MATERIAL WITNESS WARRANTS

In addition to immigration charges, the Bush administration has used so-called material witness warrants to subject individuals of interest to its terrorism investigation to “preventive detention” and to minimize judicial scrutiny of these detentions. US law permits detention of a witness when his or her testimony is material to a criminal proceeding, and when the witness presents a risk of absconding before testifying. According to the Department of Justice, the government has used the material witness law to secure the detention of less than 50 people (it has refused to release the exact number) in connection with the September 11 investigations.<sup>18</sup>

The US government has obtained judicial arrest warrants for material witnesses by arguing that they have information to present to the grand juries investigating the crimes of September 11. The available information on these cases suggests that the government was misusing the material witness warrants to secure the detention of people it believed might have knowledge about September 11—but who could not be held on immigration charges and against whom there was insufficient evidence to bring criminal charges. In many of the cases, the witnesses were never presented to a grand jury but were detained for weeks or months, under punitive prison conditions, while the government interrogated them and continued its investigations.<sup>19</sup>

The *Washington Post* reported in November 2002 that of the 44 men it identified as being detained as material witnesses since September 11, 2001, nearly half had never been called to testify in front of a grand jury. In some cases, men originally held as material witnesses were ultimately charged with crimes, strengthening the suspicion that the government was using the material witness designation as a pretext until it had time to accumulate the evidence necessary to bring criminal charges. A number of the witnesses languished in jail for months or were eventually deported, based on criminal and immigration charges unrelated to September 11 that were supported by evidence the government gathered while detaining them as material witnesses.

Material witness warrants are supposed to ensure the presentation of testimony in a criminal proceeding where the witness cannot otherwise be subpoenaed to testify and where there is a serious risk that the witness will abscond rather than testify. In September 11 cases, at least some courts have accepted with little scrutiny the government’s allegations that these requirements are satisfied. At the insistence of the government, the courts have also agreed to restrict access by the detainees’ lawyers to the government’s evidence, making it difficult if

not impossible for the lawyers to object to the necessity of detention. For example, in some cases lawyers were only able to review the evidence supporting the request for the warrant quickly in court and they were unable to go over the information carefully with their clients before the hearing started. In addition, the government has argued in at least some cases that the mostly male Arab and Muslim witnesses were flight risks simply because they are non-citizens (even though some are lawful permanent residents), and have family abroad. The government's argument amounted to no more than an astonishing assumption that millions of non-citizens living in the United States with family living abroad cannot be counted on to comply with US law and to testify under a subpoena.

The Bush administration has held the material witnesses in jail for extended periods of time, in some cases for months, and subjected them to the same conditions of confinement as given to accused or convicted criminals. Indeed, some have been held in solitary confinement and subjected to security measures typically reserved for extremely dangerous persons.

The Department of Justice has argued that it must keep all information pertaining to material witnesses confidential because "disclosing such specific information would be detrimental to the war on terror and the investigation of the September 11 attacks," and that US law requires that all information related to grand jury proceedings be kept under seal.<sup>20</sup> It has refused to identify which information must specifically be kept secret because of its relevance to grand jury proceedings and national security interests; instead, it has not only kept witnesses' identities secret, but has also refused to disclose their number, the grounds on which they were detained, and the length and location of their detention. To shroud the circumstances of detention of innocent witnesses in secrecy raises serious concerns. As one court recently stated: "To withhold that information could create public perception that an unindicted member of the community has been arrested and secretly imprisoned by the government."<sup>21</sup>

## PRESIDENTIAL EXERCISE OF WARTIME POWERS

Since September 11 the Bush administration has maintained that the president's wartime power as commander-in-chief allows him to detain indefinitely and without charges anyone he designates as an "enemy combatant" in the "war against terrorism." On this basis the government is currently holding three men incommunicado in military brigades in the United States and some 660 non-citizens at Guantánamo Bay in

Cuba. With regard to the three in the United States, the administration has argued strenuously that US courts must defer to its decision to hold them as “enemy combatants.” With regard to the Guantánamo detainees, the administration contends that no regular US court has jurisdiction to review their detention. It has also authorized the creation of military tribunals to try non-US citizens alleged to be responsible for acts of terrorism; as proposed, the tribunals evade important fair trial requirements, including a full opportunity to present a defense and the right to independent judicial review. The administration’s actions display a perilous belief that, in the fight against terrorism, the Executive is above the law.

### ENEMY COMBATANTS HELD IN THE UNITED STATES

President Bush has seized upon his military powers as commander-in-chief during war as a justification for circumventing the requirements of US criminal law. Alleged terrorism suspects need not be treated as criminals, the government argues, because they are enemies in the war against terror. In the months and years since the detention of these suspects in the United States, the Executive Branch has not sought to bring them to trial. Instead, it claims the authority to subject these suspects to indefinite and potentially life-long confinement in military brigades based on the president’s decision that they are enemy combatants. Although there is no ongoing war in any traditional sense in the United States and the judicial system is fully functioning, the Bush administration claims that the attacks of September 11 render all of the United States a battlefield in which it may exercise its military prerogative to detain enemy combatants.

To date, the US government has designated as enemy combatants in the United States two US citizens and one non-citizen residing in the United States on a student visa. One of the US citizens, Yaser Esam Hamdi, was allegedly captured during the fighting in Afghanistan and transferred to the United States after the military learned he was a US citizen. The other two, Jose Padilla, who is a US citizen, and Ali Saleh Kahlal al-Marri, a student from Qatar, were arrested in the United States; Padilla was getting off a plane in Chicago after traveling abroad, and al-Marri was sleeping in his home.

The Bush administration initially claimed these enemy combatants had no right to challenge their detention in court, even though they are US citizens and/or reside in the United States. The Department of Justice eventually conceded they had a Constitutional right to Habeas review, but it has fought strenuously to deny them access to counsel to

defend themselves in the court proceedings—much less to be present at the hearings—and has insisted that the courts should essentially rubber stamp its declaration that they are enemy combatants not entitled to the protections of the criminal justice system.

If the US Supreme Court upholds the “some evidence” standard, the right to Habeas review will be seriously weakened. In the Padilla case, for example, the government’s Mobbs declaration refers to intelligence reports from confidential sources whose corroboration goes unspecified. Moreover, the declaration even acknowledges grounds for concern about the informants’ reliability.

The US government asserts that its treatment of Padilla, Hamdi, and al-Marri is sanctioned by the laws of war (also known as international humanitarian law). During an international armed conflict, the laws of war permit the detention of captured enemy soldiers until the end of the war; it is not necessary to bring charges or hold trials. But the US government is seeking to make the entire world a battlefield in the amorphous, ill-defined, and most likely never-ending “war against terrorism.” By its logic, any individual believed to be affiliated in any way with terrorists can be imprisoned indefinitely without any showing of evidence, and providing no opportunity to the detainee to argue his or her innocence. The laws of war were never intended to undermine the basic rights of persons, whether combatants or civilians, but the administration’s re-reading of the law does just that.

## DETAINEES AT GUANTÁNAMO

For two years, the US government has imprisoned a total of more than 700 individuals, most of whom were captured during or immediately after the war in Afghanistan, at a US naval base at Guantánamo Bay, Cuba. The United States has asserted its authority to exercise absolute power over the fate of individuals confined in what the Bush administration has tried to make a legal no man’s land.

The detainees were held first in makeshift cages, later in cells in prefabricated buildings. They have been held virtually incommunicado. Apart from US government officials as well as embassy and security officials from detainees’ home countries, only the International Committee of the Red Cross (ICRC) has been allowed to visit the detainees, but the ICRC’s confidential operating methods prevent it from reporting publicly on conditions of detention. Even so, in October the ICRC said that it has noted “a worrying deterioration in the psychological health of a large number” of the detainees attributed to the uncertainty of their fate. Thirty-two detainees have attempted

suicide.<sup>22</sup> The Bush administration has not allowed family members, attorneys, or human rights groups, including Human Rights Watch, to visit the base, much less the detainees. While allowed to visit the base and talk to officials, the media have not been allowed to speak with the detainees and have been kept so far away that they can only see detainees' silhouettes cast by the sun against their cell walls. The detainees have been able to communicate sporadically with their families through censored letters.

The Bush administration has claimed all those sent to Guantánamo are hardened fighters and terrorists, the "worst of the worst." Yet, US officials have told journalists that at least some of those sent to Guantánamo had little or no connection to the US war in Afghanistan or against terror. The Guantánamo detainees have included very old men and minors, including three children aged between 13 and 15 who are being held in separate facilities. The US government acknowledges that there are also some 16- and 17-year-olds at the base being detained with adults, but—without explanation—it refuses to say exactly how many of them there are. Some 60 detainees have been released because the United States decided it had no further interest in them.

According to the Bush administration, the detainees at Guantánamo have no right to any judicial review of their detention, including by a military tribunal. The administration insists that the laws of war give it unfettered authority to hold combatants as long as the war continues—and the administration argues that the relevant "war" is that against terrorism, not the long since concluded international armed conflict in Afghanistan during which most of the Guantánamo detainees were picked up.<sup>23</sup>

The Bush administration has ignored the Geneva Conventions and longstanding US military practice which provides that captured combatants be treated as prisoners of war unless and until a "competent tribunal" determines otherwise. Instead of making individual determinations through such tribunals as the Geneva Conventions require, the Bush administration made a blanket determination that no person apprehended in Afghanistan was entitled to prisoner-of-war status. The United States is thus improperly holding without charges or trial Taliban soldiers and hapless civilians mistakenly detained, as well as terrorist suspects arrested outside Afghanistan who should be prosecuted by civilian courts.

The Bush administration, in its determination to carve out a place in the world that is beyond the reach of law, has repeatedly ignored protests from the detainees' governments and intergovernmental institutions such as the Inter-American Commission on Human Rights,

the UN Special Rapporteur on the independence of judges and lawyers, the UN Working Group on Arbitrary Detention, and the UN High Commissioner for Human Rights. Without ever laying out a detailed argument as to why its actions are lawful under either the laws of war or international human rights law, the US government has simply insisted that national security permits the indefinite imprisonment of the Guantánamo detainees without charges or judicial review.

Thus far the US government has been able to block judicial oversight of the detentions in Guantánamo. In two cases, federal district and appellate courts have agreed with the Department of Justice that they lack jurisdiction to hear Habeas Corpus petitions because the detainees are being held outside of US sovereign territory.<sup>24</sup> The ruling that the courts lack jurisdiction is based on a legal fiction that Guantánamo remains under the legal authority of Cuba. The United States has a perpetual lease to the land it occupies in Cuba, which grants it full power and control over the base unless both countries agree to its revocation.

Under international law, a state is legally responsible for the human rights of persons in all areas where it exercises “effective control.” Protection of rights requires that persons whose rights are violated have an effective remedy, including adjudication before an appropriate and competent state authority.<sup>25</sup> This makes the Bush administration’s efforts to block review by US courts and frustrate press and public scrutiny all the more troubling. No government should be able to create a prison where it can exercise unchecked absolute power over those within the prison’s walls.

On November 11, 2003, the Supreme Court decided to review the lower court decisions rejecting jurisdiction over the detainees’ Habeas petitions. Amicus briefs had been filed by groups of former American prisoners of war, diplomats, federal judges, and military officers, non-governmental organizations, and even Fred Korematsu, a Japanese-American interned by the United States during World War II. In July 2004, the court ruled that the detainees must be allowed access to legal counsel.

## MILITARY TRIBUNALS

Fair trials before impartial and independent courts are indispensable to justice and are a requirement of international human rights and humanitarian law. Nevertheless, the US government plans to try at least some accused of involvement with terrorism before special military commissions that risk parodying the norms of justice.



Authorized by President Bush in November 2001 for the trial of terrorist suspects who are not US citizens, the military commissions will include certain procedural protections—including the presumption of innocence, ostensibly public proceedings, and the rights to defense counsel and to cross-examine witnesses. However, due process protections have little meaning unless the procedures in their entirety protect a defendant's basic rights. The Pentagon's rules for the military commissions fail miserably in this regard.

Perhaps most disturbing is the absence of any independent judicial review of decisions made by the commissions, including the verdicts. Any review will be by the Executive Branch, effectively making the Bush administration the prosecutor, judge, jury, and, because of the death penalty, potential executioner. There is no right to appeal to an independent and impartial civilian court, in contrast to the right by the US military justice system to appeal a court-martial verdict to a civilian appellate court and, ultimately, to the Supreme Court. The fairness of the proceedings is also made suspect by Pentagon gag orders that prohibit defense lawyers from speaking in public about the court proceedings without prior military approval—even to raise due process issues unrelated to security concerns—and that prohibit them from ever commenting on anything to do with any closed portions of the trials.

The right to counsel is compromised because defendants before the commissions will be required to retain a military defense attorney, although they may also hire civilian lawyers at their own expense. The commission rules permit the monitoring of attorney–client conversations by US officials for security or intelligence purposes, destroying the attorney–client privilege of confidentiality which encourages clients to communicate fully and openly with their attorneys in the preparation of their defense.

The commission rules call for the proceedings to be presumptively open, but the commissions will have wide leeway to close the proceedings as they see fit. The commission's presiding officer can close portions or even all of the proceedings when classified information is involved and exclude civilian counsel even with the necessary security clearance from access to the protected information, no matter how crucial it is to the defendant's case. This would place the defendant and his civilian attorney in the untenable position of having to defend against unexamined and secret evidence.

In July 2003, President Bush designated six Guantánamo detainees as eligible for trial by military commission. The US government has put the prosecutions on hold in three cases involving two UK nationals and one Australian citizen in response to concerns raised by the British

and Australian governments about due process and fair trial in the military commissions. Decisions have been reached that the United States would not subject these men to the death penalty or listen in on their conversations with their defense lawyers, but the governments continue to negotiate over other issues. There is no indication thus far that the bilateral negotiations address such shortcomings as the lack of independent appellate review. Moreover, the Bush administration has not suggested that any modifications to the procedures for British or Australian detainees would be applied to all detainees at Guantánamo, regardless of nationality. The negotiations thus raise the prospect of some detainees receiving slightly fairer trials, while the rest remain consigned to proceedings in which justice takes a backseat to expediency.

### SHOCK AND AWE TACTICS

Protecting the nation's security is a primary function of any government. However, the United States has long understood "that in times of distress the shield of military necessity and national security must not be used to protect governmental actions from close scrutiny and accountability ... Our institutions, legislative, executive and judicial, must be prepared to exercise their authority to protect all citizens from the petty fears and prejudices that are so easily aroused."<sup>26</sup>

Despite this admonition, since September 11 the Bush administration has used the words "national security" as a shock and awe tactic, blunting the public's willingness to question its actions. But even those who have asked questions have rarely found an answer. The government has by and large been successful in ensuring that little is known about whom it has detained and why. It has kept the public in the dark about deportation proceedings against September 11 detainees and the military commission rules certainly leave open the possibility of proceedings that are closed to the public in great part. So long as the secrecy is maintained, doubts about the justice of these policies will remain and any wrongs will be more difficult to put right.

The Bush administration's disregard for judicial review, its reliance on executive fiat, and its penchant for secrecy limit its accountability. That loss of accountability harms democratic governance and the legal traditions upon which human rights depend. Scrutiny by the judiciary—as well as by Congress and the public at large—is crucial to prevent the Executive Branch from warping fundamental rights beyond recognition. A few courts have asserted their independence and have closely examined government actions against Constitutional requirements. But other courts have abdicated their responsibility to

perform as guarantors of justice. Some courts have failed to apply a simple teaching at the heart of the Magna Carta: “in brief ... that the king is and shall be below the law.”<sup>27</sup> For its part, Congress is only now beginning to question seriously the legality and necessity of the Bush administration’s post-September 11 detentions.

Confronted with a difficult and complex battle against international terrorism, the United States must not relinquish its traditions of justice and public accountability. The United States has long held itself up as the embodiment of good government. But it is precisely good governance—and its protection of human rights—that the Bush administration is currently jeopardizing with its post-September 11 anti-terrorist policies.

## NOTES

1. *Secretary of State for Home Affairs v. O'Brien*, 1923 A.C. 603, 609.
2. Sir William Blackstone, *Commentaries on the Laws of England, 1765–1769*, Book III, Ch. 8, p. 131. (Oxford: Clarendon Press, n.d.).
3. International Covenant on Civil and Political Rights, G.A. res. 2200A (XXI), 21 U.N. GAOR Supp. (No. 16) at 52, U.N. Doc. A/6316 (1966), 999 U.N.T.S. 171, entered into force Mar. 23, 1976, articles 9 and 14.
4. The UN Human Rights Committee, the body that monitors compliance with the International Covenant on Civil and Political Rights, states in its commentary to article 4 on states of emergency, that limitations to derogation “relates to the duration, geographical coverage and material scope of the state of emergency and any measures of derogation resorted to because of the emergency.... [T]he obligation to limit any derogations to those strictly required by the exigencies of the situation reflects the principle of proportionality which is common to derogation and limitation powers.” Human Rights Committee, General Comment 29, States of Emergency (article 4), U.N. Doc. CCPR/C/21/Rev.1/Add.11 (2001), para. 4.
5. Attorney General John Ashcroft, Prepared Remarks to the US Mayors Conference, Washington, DC, October 25, 2001.
6. Because the government announced the number of persons arrested as “special interest” detainees only in November 2001, the total number eventually held as such has never been made public.
7. See US Department of Justice, Office of the Inspector General (OIG), *The September 11 Detainees: A Review of the Treatment of Aliens Held on Immigration Charges in Connection with the Investigation of the September 11 Attacks*, April 2003 (hereinafter *OIG 9/11 Report*). See also “Presumption of Guilt: Human Rights Abuses of Post-September 11 Detainees,” *Human Rights Watch*, vol. 14, no. 4 (G) (August 2002); Migration Policy Institute, *America’s Challenge, Domestic Security, Civil Liberties, and National Unity After September 11* (June 26, 2003).
8. *OIG 9/11 Report*, p. 71.
9. *Ibid.*, p. 130 (stating that “[w]e found that the BOP’s [Bureau of Prisons] decision to house September 11 detainees in the most restrictive confinement conditions possible severely limited the detainees’ ability to obtain, and communicate with, legal counsel.”)

10. Until November 2002, the Immigration and Naturalization Service (INS) was a part of the United States Department of Justice. However, most of the former INS functions since have been divided into the Bureau of Citizenship and Immigration Services (BCIS), handling immigration processing and citizenship services; and the Bureau of Immigration and Customs Enforcement (BICE) of the Directorate of Border and Transportation, handling border control and immigration enforcement. Both Bureaus are under the direction of the Department of Homeland Security (DHS), which is a department of the federal government of the United States, and was created partially in response to the September 11 attacks. The new department was established on November 25, 2002 and officially began operations on January 24, 2003.
11. OIG 9/11 Report, p. 71.
12. Department of Justice, Statement of Barbara Comstock, Director of Public Affairs, Regarding the Inspector General's Report on 9/11 Detainees, June 2, 2003.
13. In November 2001, the US government announced that 1,200 individuals were detained in connection with September 11. Of this number, some 100 or more had their names revealed when they were criminally charged. Most were charged with relatively minor crimes, such as lying to FBI investigators. Only a handful were charged with terrorism-related crimes and none has been charged with involvement in the September 11 attacks. The government provided no further information regarding the number of additional persons detained. Given the public information disclosed on the persons criminally charged, Human Rights Watch estimates that at least 1,000 were detained in secret.
14. *Center for National Security Studies v. US Department of Justice*, 215 F. Supp. 2d 94, 96 (D.C. Dist. 2002) (quoting *Morrow v. District of Columbia*, 417 F.2d 728, 741-742 (D.C. Cir. 1969)).
15. *Center for National Security Studies, et al. v. US Department of Justice*, 331 F.3d 918 (D.C. Cir. 2003) (Tatel, J., dissenting).
16. See Memorandum from Chief Immigration Judge Michael Creppy to all Immigration Judges and Court Administrators, September 21, 2001 (outlining "additional security procedures" to be immediately applied in certain deportation cases designated by the Attorney General as special interest cases).
17. *Detroit Free Press v. Ashcroft*, 303 F.3d 681, 683 (6th Cir. 2002).
18. See Letter from Jamie E. Brown, Acting Assistant Attorney General, Office of Legislative Affairs, to Rep. F. James Sensenbrenner, Jr., chairman, House Judiciary Committee, May 13, 2003.
19. See "Presumption of Guilt: Human Rights Abuses of Post-September 11 Detainees," *Human Rights Watch*, vol. 14, no. 4 (G) (August 2002).
20. *Ibid.*
21. See *In Re Grand Jury Material Witness Detention*, (US Dist. Ore. April 7, 2003).
22. John Mintz, "Clashes Led to Probe of Cleric," *Washington Post*, October 24, 2003.
23. Under the Geneva Conventions, the ongoing fighting in Afghanistan is considered a non-international armed conflict.
24. See *Al Odah v. United States*, 321 F.3d 1134 (D.C. Cir. 2003); *Coalition of Clergy v. Bush*, 310 F.3d 1153 (9th Cir. 2002); *Gherebi v. Bush*, 262 F. Supp. 2d 1064 (C.D. Ca. 2003); *Rasul v. Bush*, 215 F. Supp. 2d 55 (D.C. Dist. 2002).
25. ICCPR, article 3.
26. *Korematsu v. United States*, 584 F. Supp. 1406, 1442 (N.D. Ca 1984).
27. *Regina v. Secretary of State for Foreign and Commonwealth Affairs*, Q.B. 1067, 1095 (2001) (citing F. Pollock and F. W. Maitland, *The History of English Law* (Cambridge: Cambridge University Press, 1923) (emphasis added)).

## 5

# The Vulnerabilities of an Economic Colossus

*Trevor Evans*

George W. Bush became president of the US just as one of the most successful phases in the recent history of US capitalism was coming to an end. In the second half of the 1990s the US economy registered its strongest growth for 25 years. Corporate profitability, which had been depressed since the 1970s, began to rise, and the income of wealthy Americans soared on the back of a boom in stock market values. At the same time, many workers and middle-class Americans benefited as new jobs were created and, in the last three years of the boom, incomes began to rise across the board, even for the lowest paid, whose wages had at best stagnated for years.

After the stock market bubble burst in early 2000, the corporate sector cut its investment spending drastically and, according to the official classification, the economy was in a recession for most of 2001.<sup>1</sup> Output and sales declined, and jobs were cut across the board. In the absence of growth, accounting irregularities at a whole range of major corporations came to light and, as Enron, WorldCom, and other big names were forced into bankruptcy, corporate America was buffeted by a series of scandals and a sharp—if brief—bout of self-criticism.

A new phase of economic expansion began in 2002 and growth picked up in the course of 2003, but was not accompanied by new jobs and—worryingly for Bush, who faces re-election at the end of 2004—unemployment has scarcely fallen. Furthermore, a number of long-standing problems facing the US economy have been postponed rather than solved in recent years. Following massive borrowing since the mid-1990s, both households and the corporate sector in the US have chalked up record levels of indebtedness. Most serious of all, the US economy has an unprecedented foreign trade deficit, and it has become dependent on attracting huge inflows of financial capital from other countries.

## RESTRUCTURING IN THE 1980s

The current situation in the US has its roots in a major restructuring of the economy in the 1980s. In the 1950s and 1960s the US, like all the advanced capitalist economies, experienced relatively sustained growth, with rising living standards and low levels of unemployment. However, by the late 1960s the postwar expansion was running out of steam and in the 1970s governments sought to boost growth by adopting an expansionary fiscal policy (more spending, lower taxes) and encouraging a weakening of the dollar (to make US exports more attractive abroad). By 1978 this strategy was reaching its limits as inflation began to rise and the decline in the dollar threatened to spin out of control. In 1979 President Carter initiated a major turn in policy by appointing Paul Volcker, a renowned monetary hawk, as chairman of the Federal Reserve (the US Central Bank). Shortly after, in 1980, Ronald Reagan was elected president and, on taking office, his government set about implementing a series of radical measures aimed at reducing state regulation of the economy, most notably in the areas of employment, the financial system and the environment.

The Federal Reserve responded to rising inflation and the decline of international confidence in the dollar by sharply raising US interest rates. The cost of bank loans soared to over 20 per cent, investment collapsed, and from 1980 to 1982 the US experienced its deepest period of recession since the 1930s. The recession resulted in a marked fall in inflation, but it also led to the closure of many of the country's industrial plants, particularly in the old industrial heartland or 'rust belt' in the north-east. The impact of the squeeze on industry was further exacerbated because high interest rates attracted short-term capital to the US, causing the value of the dollar to rise sharply between 1981 and 1985, and making the country's exports too expensive in many foreign markets.

Perhaps the most important effect of the recession was that it achieved a major shift in the balance of power between employers and workers. Unions, which had in any case been severely weakened in the US in the late 1940s, found their bargaining power further reduced as a result of the big increase in unemployment amongst their core membership in manufacturing industries. This was reinforced by the policies of the Reagan government, which set about weakening workers' legal rights.<sup>2</sup> A decisive moment in defining the new framework for labor relations occurred in 1981, when US air traffic controllers went on strike, and Reagan simply had them sacked and put in military personnel to fulfill their duties until new staff could be recruited and trained. The longer-

term effect has been reflected in union membership, which fell from 24 per cent of the workforce at the end of the 1970s to 14 per cent by the end of the 1990s.<sup>3</sup> The impact has also been felt in wages. After allowing for inflation, average hourly earnings in 2003 were a full 8 per cent lower than in 1973.<sup>4</sup> Most households have, in fact, been able to maintain their living standards only because working hours have increased, and the number of households with two wage-earners has risen.<sup>5</sup>

The Volcker recession was followed between 1983 and 1990 by a relatively prolonged expansion. This received a significant impetus from a large government deficit, mainly due to increased defense spending and lower business taxes, and which led to a steady rise in the public debt. Unlike most periods of expansion, investment in fixed capital (buildings, machinery, equipment) remained quite weak. Instead, the period was characterized by a major restructuring of the country's corporate organization, as many of the largest firms embarked on a wave of mergers, takeovers, and leveraged buyouts.<sup>6</sup> These would be followed by a process of rationalization in which the least efficient units in a company were closed down, something known as "hollowing out" or "downsizing." This contributed to maintaining the downward pressure on wages as employment appeared insecure even at some of the biggest and best-known companies. By the end of the decade, most parts of US business had been squeezed to the bone, and a significant part of its manufacturing capacity had been closed.

The expansion came to an end in 1990 triggered by an abrupt decline in bank lending—a so-called "credit crunch." Banks had lent extensively to both businesses and households during the expansion. As a result, the banking system had become seriously overstretched and cut back sharply on new loans, particularly for less well-known firms. Alan Greenspan, who had taken over from Volcker as chairman of the Federal Reserve in 1987, was seriously concerned about the stability of the US financial system, and under his leadership the Fed sought to provide relief by lowering interest rates, which were then kept low until 1994.

### THE BOOM IN THE 1990s

A new economic expansion began in 1991, but was quite weak in the first half of the decade, leading to what was characterized at the time as "jobless growth." Both President Bush Sr and President Clinton were convinced that, because of the huge government debt accumulated under President Reagan, they could not increase discretionary government spending to boost the economy. In the event, low interest rates proved

to be an important factor in initiating a new expansion. By making the US less attractive for short-term capital, it led to a decline in the value of the dollar and provided US exports with a significant boost. As profits began to rise, non-financial corporations increased their investment in new plant and equipment, and in the second half of the decade the US economy boomed.

Between 1996 and 2000, the US economy grew by just over 4 per cent per year, and by 2000 unemployment had fallen to its lowest level in 30 years.<sup>7</sup> The strong growth was widely attributed to what was referred to as the “new economy.” It appears that after a number of years in which investment in information technology had yielded only modest returns, systems now came to be linked through the internet and other communications systems, thereby enabling a qualitative breakthrough in the productivity gains that could be achieved.<sup>8</sup>

Despite the impressive advance in the second half of the 1990s, economic growth for the whole period of expansion, from 1991 to 2000, was in fact only slightly better than in the business expansions in the 1970s and 1980s, and below that achieved in the golden years of the 1950s and 1960s.<sup>9</sup> The same was true for productivity gains, which tended to be overstated at the height of the boom, and have since been revised slightly downwards. Profits were also exaggerated: surprisingly, share options for senior executives—by some estimates worth 15 per cent of total profits—did not have to be booked as a cost under US accounting conventions.<sup>10</sup>

The first signal that the boom was approaching an end came in 1997, when corporate profitability began to wane. However, in the aftermath of financial crises in Asia in 1997 and Russia in 1998, the Federal Reserve adopted a very expansive monetary policy, fearful of the negative effects the crisis could have on US financial institutions, some of which had incurred large losses in Russia. This helped to inflate the stock market bubble yet further, and to prolong the US expansion for an additional two years of increasingly frenzied investment and consumption.

The stock market bubble finally burst in spring 2000. In the second half of the year corporate investment collapsed, followed by a sharp decline in output and sales in 2001. Investment actually fell by some 10 per cent in 2001, and the recession would have been much deeper had the Federal Reserve not repeatedly lowered interest rates. The lead interest rate, which stood at 6.5 per cent in January 2001, had been reduced to 1.75 per cent by the end of the year, and, following several further cuts, was down to 1.0 per cent by 2003.

The recession officially ended in November 2001, but, as in the early 1990s, this was initially followed by a period of weak “jobless” growth.



After the binge in the late 1990s, corporate investment initially remained weak. Contrary to some popular impressions, this was principally for economic reasons: the direct effects of the attacks on the World Trade Center in September 2001 were largely confined to the air transport industry, which was already suffering from a downturn in business passengers with the end of the boom, although uncertainty about the outcome of the invasion of Iraq may have dampened investment in early 2003.

After taking office in 2001, George W. Bush introduced several rounds of tax cuts which, he claimed, would help reactivate the economy. In the late 1990s, the strong growth of income and consequently of tax payments, together with cuts in government spending introduced under Clinton, had led to a budget surplus. Bush's first tax cuts were initially conceived as a program for returning the surplus ("the people's money") to the people, but when the program came to be presented in 2001, it was repositioned as a response to slow growth and unemployment. It involved cutting tax rates in steps over several years with the largest reduction being in the top rate of tax.<sup>11</sup> A second, smaller program, launched in 2002, mainly involved raising depreciation allowances for business. The centerpiece of the third program, introduced in 2003, was a reduction in the tax on share dividends. This was originally justified as a means of raising the long-term incentives to invest, but was also repositioned and presented, along with accelerated cuts in income tax, as providing a boost for growth and employment.<sup>12</sup>

While these programs have provided some support for consumption spending, the benefits of the tax cuts have been concentrated overwhelmingly in the wealthiest sectors of US society, and have involved a major redistribution of income in favor of the rich, who typically spend only a small part of additional income on consumption.<sup>13</sup> The expansionary impact of these measures has therefore been relatively limited. Nevertheless, they involve a substantial loss of tax income, and the state's financial position has consequently shifted dramatically in the last few years, from a surplus of \$236 billion in 2000 to a deficit of \$158 billion in 2002 and \$375 billion in 2003. Furthermore, contrary to the claims of the Bush government, projections by the non-partisan Congressional Budget Office indicate that the budget deficit will continue to be large through until 2011.<sup>14</sup>

## RESURGENT FINANCE

An important feature of the new phase of US capitalism that began in the 1980s has been a greatly strengthened role for the financial sector.

Banks and other financial institutions in the US had been subjected to strict regulation in the aftermath of the 1929–32 financial crisis, but by the early 1980s the financial sector had begun to enjoy a remarkable resurgence. This was partly a result of innovations within the financial sector, usually driven by attempts to get round existing regulations, but also to the relaxation or elimination of many of the earlier rules. The resurgence has been reflected in the financial sector's profits. In 1980, when total corporate profits were around \$150 billion before tax, the financial sector accounted for 19 per cent of this; by 2000, when total profits had risen to over \$600 billion, the financial sector had increased its share to 30 per cent.<sup>15</sup>

Banks remain the most important financial institutions in the US, and commercial banks provide around 40 per cent of the business sector's external finance. The shift in monetary policy introduced by the Federal Reserve under Volcker meant that, after allowing for inflation, interest rates were much higher during most of the 1980s and 1990s than in the earlier postwar years. This tipped the balance of interest strongly from borrowers (who could obtain finance at interest rates below inflation in the 1970s) to lenders, and commercial banks were one of the beneficiaries. In addition, new rules on how much capital banks are required to hold against loans have encouraged banks to look for new forms of business that do not tie up capital unnecessarily. This has encouraged the growth of so-called "off-balance sheet" activities, which generate a fee for a bank, but which do not end up with a loan on the banks' own books. A bank might, for example, use its branch network and customer base to sell loans and then package a large number of loans as a bond, which it can then sell on in the capital market. In this way, banks have been important players in fuelling the recent growth of securities markets.

Investment banks, which make their money from advising and managing capital market transactions, have also been key players in promoting and organizing corporate takeovers and mergers. In the process, they have generated multi-million dollar fees for themselves, while also contributing to the growing importance of markets in both bonds and shares. In 1999 the abolition by the Clinton government of Depression era laws separating commercial and investment banking enabled huge banking conglomerates, such as Citigroup and J. P. Morgan, once again to openly straddle both types of business.

The development that has attracted perhaps the most attention in the financial sector since the 1980s has been the growing importance of institutional investors, such as mutual funds, pension funds, and insurance companies.<sup>16</sup> Although none is entirely new, mutual funds in particular have grown enormously since the 1980s. This growth is

linked to an increase in inequality which began under the Reagan administration, and which has benefited wealthier sectors of the middle class, who have been attracted by accounts that offer higher returns than bank accounts, with many of the same advantages. Pension funds also received an important boost as legal changes encouraged employees to shift to private-funded pension schemes (so-called 401(k) retirement plans, after the paragraph in the tax legislation which they take advantage of). As a result of these developments institutional investors have amassed huge amounts of private savings, and by the end of the 1990s accounted for some 55 per cent of financial assets in the US.

These institutions have come to play a much more active role in managing their investments, turning over their shareholdings more often, and exerting pressure on industrial and commercial companies to give absolute priority to maintaining so-called “shareholder value,” with the threat that failure to comply will lead them to dump a company’s shares. In this way, companies have been forced to focus more and more on short-term profitability, with many companies reporting profits as often as every three months. During the boom in the 1990s, a benchmark became established that a company’s profits should rise at least 10 per cent a year—something that could obviously not be sustained for more than a short time in an economy that was growing at 4 per cent—but which put immense pressure on companies to comply, and which explains in part why so many companies resorted to dubious stratagems to inflate their reported profits as the boom drew to an end.<sup>17</sup>

Pressure from institutional investors to sustain share prices also helps to explain the fact that in the 1990s many major companies in the US were engaged in huge buy-backs of their own shares. It is true that numerous start-up companies raised capital from the stock market through initial public offerings in the 1990s, in some cases with little more than a glossy brochure and a wacky idea. However, in most years the non-financial business sector as a whole spent more money buying back shares than was raised from the stock market. As a result, in the second half of the decade, the net capital raised averaged around *minus* \$170 billion a year, as companies such as General Electric and a host of other famous names sought to strengthen the value of their own shares. Besides meeting the demands of institutional investors, higher share prices meant that companies would be less vulnerable to the danger of a hostile takeover. Furthermore, as many senior executives were themselves significant shareholders, or were being paid in part through options that gave them the right to buy shares at very favorable prices, they had a personal interest in using company profits for buy-backs. At all events, the scale of the buy-back was one of the

factors that contributed to the extraordinary rise in share prices during the decade.<sup>18</sup>

Between 1991 and 1995, share prices in the US rose roughly in line with profits. But from 1995 to 2000, prices took off, losing all relation to developments in the productive or commercial sectors of the economy. As early as December 1996, Greenspan made a much reported speech in which he warned of the dangers of what he termed “irrational exuberance.” But a classic bubble was in the making, and by spring 2000, when the stock market finally peaked, share prices were by every conventional measure wildly overvalued.<sup>19</sup>

Supporters of US-style capitalism argue that share prices provide a system of signaling that ensures a highly efficient mechanism for allocating capital. Seldom could this have been less true than in the 1990s. There are numerous amusing tales of internet startups, such as home delivery services for pet foods, that would never have been taken seriously in more level-headed times, and which wasted hundreds of millions of dollars. But by far the most serious misallocation of capital occurred in the telecommunications industry. In the second half of the 1990s, spurred by soaring stock market valuations, over-optimistic companies set about constructing global fiberoptic networks, laying millions of miles of cable under streets and across ocean beds. The investment, which amounted to over \$100 billion a year between 1996 and 2000, much of it financed by borrowing, was massively greater than required and well over 90 per cent of the new network now lies unused due to over-capacity.

Since 2001, when the boom ended and Bush took office, the financial sector too has been hit by a number of scandals. In 2002, investment banks agreed to pay an unprecedented \$1.4 billion in settlements after widespread evidence showed that supposedly independent advice to investors was, in fact, tailored to promoting the sale of shares in companies the banks were advising. In 2003, the focus switched to mutual funds, which were shown to have engaged in a range of illegal trading practices that benefited dealers at the expense of investors.<sup>20</sup> In both cases, however, the scandals emerged due to investigations by the New York attorney general, and the government has not taken any significant steps to strengthen the supervision of the financial sector. Indeed, Wall Street executives, who are generally major shareholders in their firms, have benefited enormously from the government’s tax cuts, and they were major contributors to the Bush re-election campaign. The policies that Bush has proposed for a second term include privatizing the social security system, a tantalizing prospect that would generate billions of dollars of additional business for Wall Street firms.<sup>21</sup>

## THE WEIGHT OF CORPORATE DEBT

The driving force of the economic expansion in the 1990s was a sharp rise in corporate profitability, which encouraged corporations to increase their investment in new plant and equipment. There are various ways of measuring profitability, but these all show the same broad pattern: profitability declined from 1966 to 1982, and then staged a recovery from 1982 to 1997, rising to levels that were higher than in the 1970s, although not as high as in the golden era of the 1950s and 1960s. The main reason for the rise in profitability after 1982 appears to be that during the 1980s and most of the 1990s, real wages increased by less than productivity.<sup>22</sup>

Corporate strategies in the 1980s revolved to a considerable extent around the restructuring of existing productive capacity. In the 1990s, however, non-financial corporations steadily increased their investment in fixed capital throughout the business expansion, with annual expenditure rising from \$420 billion (7 per cent of GDP) in 1991 to \$960 billion in the peak year of 2000 (10 per cent of GDP). Although job creation was weak in the first couple of years of the expansion, this began to change, and by the end of the expansion some 22 million new jobs had been created. The strongest growth of investment was, of course, in information and communication technology, and, in the second half of the 1990s, this contributed to a significant increase in labor productivity (output per worker).<sup>23</sup> In turn, strong growth in productivity was one of the main reasons why the US economy was able to grow so vigorously without leading to rising inflation, as many orthodox economists had claimed would occur if unemployment fell below 6 per cent.<sup>24</sup>

Although the rise in investment in the 1990s led to a major expansion of the productive capacity of the US economy, it was also associated with a notable rise in corporate indebtedness. This had begun in the 1980s, when many of the big corporate mergers and takeovers were financed by borrowing—this was the era in which Michael Milken and other so-called “junk bonds” dealers became rich and famous (before landing in jail). In the first half of the 1990s, companies were able to finance most of their investment themselves. In the second half of the 1990s, however, as investment soared ahead, corporate borrowing began to rise sharply. Furthermore, in addition to the need to finance fixed investment, corporations borrowed extensively in order to finance the large-scale repurchase of their own shares, referred to above. As a result, the outstanding debt of non-financial corporations steadily rose. In the course of the 1980s it climbed from \$1 trillion (33 per cent of GDP) to

\$2.4 trillion (43 per cent of GDP)—a level that Greenspan at the time warned was worryingly high—and, following a dip in the early 1990s, by the end of the expansion in 2000 it had risen to an unprecedented \$4.6 trillion (46 per cent of GDP).

The increased strength of financial institutions, together with the rise in corporate debt, has had an important impact on corporate finances. Dividend payments to shareholders increased from 20 per cent of companies' pre-tax earnings in the 1980s, to 30 per cent in the 1990s. In addition, because of high debt levels, interest payments increased, from around 20 per cent of pre-tax earnings in 1995 to 30 per cent in 2000—and would have been much higher if the Federal Reserve had not kept interest rates low. Since companies were obliged to maintain both dividend and interest payments, once earnings began to decline at the end of the expansion, they had to absorb the losses themselves. This led to a collapse in companies' own profits in 2000 and 2001, and it was this that accounted for the ferocity with which investment was cut and workers were laid off.

One of the main reasons why the economic upturn that began in 2002 was initially weak was that the corporate sector has been burdened with the legacy of the 1990s. Following the boom in investment in the late 1990s, many sectors have substantial excess capacity, and investment has therefore been slow to pick up.<sup>25</sup> On top of that, many companies are still coping with the vast debts accumulated in the boom and have therefore been reluctant to engage in major new projects until they have achieved a more balanced financial position. It was only towards the end of 2003 that investment showed the first signs of reviving, aided by the notoriously rapid obsolescence of much information and communications technology.<sup>26</sup>

## THE RISE IN LUXURY CONSUMPTION

While rising profitability and investment provided the impetus for the expansion in the 1990s, it was sustained by a strong increase in consumer spending. This grew at over 3 per cent a year from 1992, and at a remarkable 5 per cent a year in the final three years of the boom.

The growth of consumer spending might seem slightly surprising since, in real terms, the incomes of most US workers scarcely increased for many years. In the 1980s, virtually the entire increase in national income served to benefit the top 20 per cent, but under the Clinton administration too, inequality continued to rise.<sup>27</sup> It was only in the final years of the boom, from 1997 to 2000, as lower unemployment created more favorable conditions for wage-earners, that incomes began

to rise across the board. According to Census Bureau statistics, between 1989 and 2001, adjusted for inflation, the income of the poorest 20 per cent of households increased by 4.7 per cent, and that of the middle 20 per cent by 6.9 per cent, while that of that richest 5 per cent increased by 36.7 per cent.<sup>28</sup>

A major factor in explaining the rise in consumer spending was a so-called “wealth effect” associated with the stock market boom. Around one half of US households hold shares, either directly or indirectly, through mutual or pension funds, and as share prices took off in the second half of the 1990s, share-owners’ wealth increased and this fueled a strong increase in consumption.<sup>29</sup> However, the benefits of this process were very concentrated. Although a large number of households do hold some shares, the bulk of shares are owned by a small part of the population: some 95 per cent of shares are owned by the richest 20 per cent, while 75 per cent are owned by the top 5 per cent, and 37 per cent by the very richest 0.5 per cent.<sup>30</sup> The impact of the wealth effect was therefore strongly linked to spending by the richest 20 per cent or so of the population, and was oriented to luxury consumption.

There were two further important factors that drove consumption in the 1990s. First, at the same time that household wealth was rising on the back of the stock market boom, household saving registered a sharp decline. In the early 1990s, US households as a whole saved around 8 per cent of their income—roughly where it had been for some time—but by 2001 the figure had fallen to an unprecedented 1.7 per cent.<sup>31</sup> Taken as a whole, US households virtually ceased to save. Secondly, household borrowing increased strongly, partly to purchase a home and partly to finance consumption. As a result, household indebtedness climbed far above any previous level, rising from \$ 3.6 trillion (61 per cent of GDP) in 1991 to \$ 7.7 trillion (76 per cent of GDP) in 2001.<sup>32</sup>

The consumption boom in the 1990s was therefore driven, above all, by a strong shift towards consumption by the richest sectors of US society. It was however unsustainable, in so far as it rested on the rise in share prices, a fall in the savings ratio, and an unprecedented rise in household indebtedness.

Since the stock market bubble burst in 2000 the wealth effect that played such an important role in driving consumption during the boom has run its course. Nevertheless, the recession was not nearly as deep as it might have been because, despite the sharp downturn in corporate investment in 2001, consumption continued to grow, albeit at a slower rate than previously. The main explanation for this is that many US households own, or are buying, their own home and, as the Federal Reserve pushed interest rates down in 2001, households were able to

refinance their home loans at lower interest rates. Since most homes had increased in value during the 1990s, many owners took advantage of refinancing to increase their loan and then withdrew some of the capital. This was used partly to pay off more expensive credit card borrowing, but at least half was used to finance increased current consumption.<sup>33</sup> This cushioned the overall economic downturn in 2001 and contributed to the revival of growth in 2002 and 2003.<sup>34</sup>

Consumption spending also received a boost in the second half of 2003 as a result of the Bush administration's tax cuts. Although the bulk of the cuts introduced in 2003 were aimed at top income groups, many households received at least some rebate in the summer for tax cuts backdated to the beginning of the year, and much of this windfall was spent on additional consumption.

Further boosts to consumption from cuts in either interest rates or income tax seem unlikely, with interest rates at 40-year lows and the budget deficit ballooning. The growth of consumer spending is also vulnerable as a result of the rise in unemployment. Between 2000 and 2001 employment declined by some 2.2 million, and total employment scarcely increased in the following two years. Although new jobs have been created, these have not been sufficient to offset the decline in employment, notably in manufacturing. Surveys of consumer confidence indicate that constant reports of jobs losses have engendered a sense of insecurity in many households, and they have therefore become more cautious in their spending.

The main reason for the loss of jobs has been that companies have concentrated production in their most efficient plants and labor productivity has continued to rise at a remarkable pace: after stalling briefly in 2001, productivity increased in 2002 and 2003 by even more than during the boom in the 1990s.<sup>35</sup> As a result of the decline in employment, however, the displacement of jobs to developing countries has re-emerged as a political issue. In the past, this has mainly concerned the loss of manufacturing jobs, particularly to Mexico following the creation of the North American Free Trade Area in 1993, and more recently to China. Attention has now shifted to the so-called "outsourcing" of white-collar and professional jobs to developing countries, particularly to India, which has a large pool of highly qualified English-speaking professionals.<sup>36</sup> One of the first groups to be affected were the staff at call centers, and the process is now beginning to have an impact on information technology workers. A software developer who earns \$60 an hour in the US can be replaced by an equally skilled worker in India for only \$6 an hour.<sup>37</sup> According



to one report, even MRI scans have been sent over the internet to be analyzed by radiologists in India.<sup>38</sup>

The Bush government has responded to the loss of jobs with a number of protectionist measures. Shortly before mid-term Congressional elections in 2002, it imposed restrictions on imports of steel that threatened jobs—and profits—in higher-cost US steel mills. It has also proposed prohibiting awarding government contracts to companies that engage in outsourcing. But such measures are controversial given the US's repeated insistence on other countries opening their markets to free trade, and the restrictions on steel imports were condemned by the World Trade Organization. In the case of outsourcing, they are also unlikely to have much effect, since the benefits for US companies from internationalization are so great. In fact, the number of jobs affected by outsourcing has been quite limited, and if economic growth were to be sustained at the rate seen in the second half of 2003, employment should begin to rise. But projections of employment creation published by the Bush administration in 2002 and 2003 have proved wildly optimistic, and failure to reduce unemployment is one of the most serious domestic political issues to face the Bush administration.<sup>39</sup>

#### DEPENDENCE ON ATTRACTING FOREIGN CAPITAL

The issue that could prove most serious for the US economy is its dependence on attracting huge amounts of foreign capital. In all but one year since 1982, the US has had a deficit on its current account, mainly because it imports far more manufactured goods than it exports, and this has been financed by equally large inflows of capital—an unusual constellation given that the US has the largest accumulation of capital in the world. In effect, the inflows of capital have helped to finance the massive borrowing by households, the corporate sector, and—now that it is again running a deficit—the government.

After World War II, the US was the world's leading exporter, and it had a large trade surplus. In the 1960s, though, the country's share of world trade began to decline under the impact of competition from Japan and Western Europe, followed in the 1970s by the additional challenge posed by newly industrializing countries, particularly in East Asia.<sup>40</sup> The US government has responded on several occasions since the early 1970s by allowing or even encouraging the dollar to decline in value so as to make the country's exports more attractive. The most important occasion was between 1987 and 1995, and it led to a major recovery of US exports. The US share of world exports increased again slightly, and the share of exports in total US output increased strongly,

rising from around 5 per cent of GDP in the 1970s, to almost 12 per cent by the late 1990s.

But while exports increased, imports climbed even more, resulting in a large trade deficit.<sup>41</sup> The US has had a positive balance on trade in services (this includes payments for transport, royalties and licensing fees, and financial and other business services) but this has not been large enough to offset the deficit in manufactured goods, giving rise to an overall current account deficit.

The size of the deficit increased strongly in the first half of the 1980s, when the dollar was rising in value, but then fell in the second half of the 1980s when the dollar weakened, and was briefly eliminated during the recession at the start of the 1990s. During the 1990s, however, the deficit increased continually, particularly in the second half of the 1990s, when the dollar was very strong, and imported goods were sucked in to meet the demand of both for producers and consumers. Furthermore, the deficit scarcely declined during the 2001 recession. Consequently, in contrast to the start of the economic expansions in 1983 or 1991, when the deficit was comparatively low, the US is now facing the start of an expansion with an unprecedented current account deficit, equal in 2003 to over \$500 billion, or around 5 per cent of GDP.

The ability of the US to attract sufficient foreign capital to finance such a large current account deficit has been greatly assisted by the international role of the dollar, since both governments and private investors hold an important part of their international liquidity in the US currency. There was a substantial amount of direct investment in the US by foreign multinational companies wanting to extend their business in the country during the 1990s but, while this tends to be relatively stable, it was largely offset by similarly sized outflows of capital by US multinationals investing in other countries.

The largest part of the capital inflow to the US was accounted for by so-called portfolio investment—inflows of financial capital that were used to purchase bonds or shares in US securities markets. This type of inflow is much less stable than direct investment, since it can easily flow out again. US financial institutions were also purchasing bonds and shares abroad, but the amounts involved were much smaller than the inflows. The balance, or net inflow, increased strongly in the second half of the 1990s, rising from \$100 billion in 1995 to \$256 billion in 2000, and \$403 billion in 2002. This capital was attracted by the return on financial investments, which was higher than in the EU or Japan. It also contributed to the financial bubble in the US, since foreign purchases helped to push up both the value of US shares and of the dollar.

As a result of the large inflow of capital over many years, by 2002 foreign investors had accumulated assets in the US worth a total of \$8.6 trillion, whereas the assets of US investors in other countries were worth only \$6.2 trillion.<sup>42</sup> The US is, in effect, a net debtor to the tune of \$2.4 trillion, or 23 per cent of GDP, making it by far the most indebted country in the world. And in order to continue financing its current account deficit, the US must attract over \$1.5 billion of additional capital a day. Most seriously, if foreign investors were to start selling their assets in the US on a significant scale, this could quickly set off an avalanche, as falling asset prices prompted further sales and, in turn, a collapse in the value of the dollar.

Something like this last occurred in the late 1970s, when there was a major flight out of US assets, and the dollar's value fell by about 40 per cent. The US government even suffered the ignominy of having to issue bonds denominated in Deutschmarks in order to attract buyers. And when the oil-producing countries proposed to start pricing oil in IMF Special Drawing Rights, the US government struck a complicated secret deal in which the Saudi Arabian government agreed to continue pricing oil in dollars in return for an enhanced position at the IMF and the guarantee of a US security umbrella for the Gulf.<sup>43</sup>

During the Cold War, the US government was able to sustain the international role of the dollar by playing up the US role as military guarantor of the other advanced capitalist states; furthermore there was at that time no obvious alternative to the dollar. But this has changed with the collapse of the Soviet bloc, and the creation in 1999 of the Euro. For the first time since the dollar assumed its leading international position after World War II, the Euro offers a potential international alternative to the dollar. The share of world trade denominated in Euros is likely to increase; in addition, various countries, most significantly China, have announced that they intend to diversify their international reserves, so that they hold roughly equal amounts of dollars and Euros. Nevertheless, the Euro does not have the backing of a strong, centralized state, and ultimately the dollar is, of course, backed by the might of the US armed forces. Furthermore, US capital markets are unparalleled in their size and depth, and although Euro-zone markets could develop as an alternative, they are still smaller and more fragmented than those in the US. But, if oil and other primary commodities began to be priced in Euros, or even in a basket comprising dollars and other currencies, this could accelerate the decline in the dollar's privileged international position.

A decline in the international position of the dollar would have serious consequences for the US. Unlike virtually every other country, the US

has been insulated from many of the negative features of exchange rate fluctuations since the 1970s but this would cease: US companies could no longer conduct much of their international business in their own currency; also oil and other raw materials would become more expensive when the dollar weakened. Most significantly, dollar-based assets would no longer automatically be the first choice for foreign governments or private investors, in which case the US would find it much more difficult to finance a current account deficit.

The Bush administration has been taking steps to deal with the US current account deficit. It has been one of the main advocates of a new round of trade liberalization at the World Trade Organization, and the measures it has pushed for, including less agricultural protection and more protection for intellectual property rights, play to areas where US exports are strongest: it is able to produce grains, such as wheat and rice, far more cheaply than most other countries (partly because of controversial subsidies) while it is the leading exporter of movies, recorded music and computer programs that can easily be copied. Furthermore, to the consternation of Euro-zone governments, the US has once again welcomed a significant weakening of the dollar, which declined in value by some 30 per cent against the Euro in 2002 and 2003, and which should provide an important boost to the US trade balance.

Since the end of the boom, with the collapse of stock market prices, the decline in interest rates, and the weakening of the dollar, the US has ceased to be such an attractive location for new private financial investment, and the inflows of private capital have fallen markedly. In fact, in 2003 private inflows of capital almost dried up, and the US would have faced a major problem in financing its current account deficit if it had not been for the fortuitous intervention of the central banks of Japan, China, and Taiwan, which bought massive quantities of US government securities in an attempt to stabilize the value of their currencies against the dollar. If the capital flows to the US were to dry up entirely, the value of the dollar would perforce immediately drop, causing a sharp realignment of international trade and financial flows. A weaker dollar would, of course, provide yet further help for US exports, but this would be at the expense of other countries, and US citizens would also be able to import less. In a worst-case scenario—one that has been causing the IMF much concern—an abrupt shift could unleash a major international crisis that would leave no country untouched.

## PROSPECTS

The US economy possesses enormous strategic advantages. It benefits from continental size and access to many natural resources; it has the

largest integrated market in the world and attracts an influx of highly skilled labor from around the globe; it enjoys a presence in virtually every important branch of production and is the base for many of the world's leading technological companies; last but not least it gains innumerable advantages from its dominant position in the international monetary and financial system. After a period in the 1970s and 1980s when it appeared to be eclipsed by the models of capitalist development adopted in Germany and then Japan, the US economy surged ahead again in the late 1990s.

Since 2001 the US has weathered the end of the stock market boom, aided above all by the highly expansionary monetary policy of the Federal Reserve Under George W. Bush, fiscal policy has unashamedly redistributed income to the rich. But both the boom and the subsequent periods of recession and recovery have depended on ever-rising levels of borrowing by households, by corporations and now, once again, by the government. The credit system is of course notoriously elastic, but it cannot continue to expand for ever. In particular, the foreign trade deficit can be sustained only if large inflows of capital continue from abroad. A major financial crisis cannot be ruled out, although it is on balance unlikely, since the Federal Reserve and other major central banks would immediately act to head it off. A sustained, but controlled period of dollar weakening could reduce the US deficit and shift the cost of adjustment on to other countries. But this involves a difficult balancing act if foreign investors are not to be frightened off; and it would, of course, also reduce the international purchase of the wealth that has been accumulated in the US itself.

## NOTES

1. The National Bureau of Economic Research, which is responsible for establishing the official business-cycle turning points, dates the recession from March to November 2001. Details of their procedure can be viewed at [www.nber.org](http://www.nber.org).
2. For an excellent account of the Reagan government's initiatives, see Mike Davies, *Prisoners of the American Dream: Politics and Economics in the History of the US Working Class* (London: Verso, 1984).
3. Lawrence Mishel, Jared Bernstein, and Heather Boushey, *The State of Working America 2002/2003* (Washington: Economic Policy Institute, 2003), p. 190.
4. According to the US Bureau of Labor Statistics, expressed in 1982 prices, average earnings fell from a postwar high of \$9.08 in 1973 to a low of \$7.51 in 1995; they then rose in the late 1990s and were at \$8.34 in 2003.
5. See Juliet Schor, *The Overworked American. The Unexpected Decline of Leisure* (New York: Basic Books, 1994); and Elizabeth Warren and Amelia Warren Tyagi, *The Two-Income Trap, Why Middle-Class Mothers and Fathers Are Going Broke* (New York: Basic Books, 2003).

6. Leveraged buy-outs involve a company's senior management raising loans and bonds ("leverage") to buy the company from its shareholders. For a fuller discussion, see Doug Henderson, *Wall Street* (London: Verso, 1997).
7. The official figure for unemployment fell from 7.8 per cent in 1992, to a low of 3.8 per cent in 2000. These figures do not take account of the unusually high rate of incarceration in the US, equal to around 1.5 per cent of the labor force, or of the high number involved in military service, also equal to around 1.5 per cent of the labor force.
8. Some of the major gains in productivity occurred in the semiconductor industry. But a major study by McKinsey Associates showed that, although virtually all sectors of industry invested heavily in information technology, the main gains in productivity were achieved in a relatively small number of sectors. One of the largest, surprisingly, was trade, where gains were largely due to just one firm—Wal-Mart. See McKinsey Global Institute, *How IT Enabled Productivity Growth* (October 2002).
9. See Bank for International Settlements, *70th Annual Report*, 2000, p. 14.
10. The US Financial Accounting Standards Board proposed in 1993 that options be treated as expenses, but US industry, led by Silicon Valley, reputedly spent \$70 million lobbying Congress to oppose this. See Andrew Parker and Andrew Hill, "Standard Setters are Targeting Stock Options Again," *Financial Times*, November 11, 2002.
11. The Economic Growth and Tax Reconciliation Act 2001 cut the top rate of tax from 39.6 to 36 per cent; other rates were cut by 2 per cent. Low-income earners benefited from a new 10 per cent rate, but the wealthy benefited from a large reduction in Estate Duty (or "Death Tax," as Republicans called it) between 2001 and 2009.
12. The Jobs and Employment Law of 2003 established that dividends, which had usually been subject to the top rate of tax, were to be taxed at a maximum of 15 per cent; it also brought forward to January 2003 tax reductions scheduled under the 2001 Tax Law for 2004 and 2006. Cuts in the dividend tax, even if effective, are a long-term measure. But they are unlikely to be effective even in the long term since, as noted on p. 116, the corporate sector as a whole does not raise capital from share issues.
13. According to estimates by the Washington-based Tax Policy Center, 74 per cent of the benefits of the 2001 program, and 76 per cent of those of the 2003 program will go to the top 20 per cent of income earners. See Brookings Institute & Urban Institute, Tax Policy Centre, *Policy Brief* (June 2002); and *Tax Notes* (May 2003).
14. The figures are all from the Congressional Budget Office. The projection for March 2004 show a cumulative deficit from 2004 to 2011 of \$2.4 trillion.
15. US Bureau of Economic Affairs, *National Income and Product Accounts*, Table 1.14.
16. Mutual funds are known as unit trusts or investment funds in Europe. The money deposited with them is used to buy shares and other securities, and the value of deposits rises and falls according to the value of the assets the fund has purchased. In the case of money market mutual funds, it is possible to use such accounts to make check payments.
17. See John Kay, "Profits without Honour", *Financial Times* (June 29/30, 2002).
18. For fuller details, see William Lazonick and Mary O'Sullivan, "Maximising Shareholder Value: a New Ideology for Corporate Governance," *Economy and Society*, vol. 29, no. 1 (February 2000).
19. See Rober Shiller, *Irrational Exuberance*, 2000, which, with remarkable foresight, was published just before the bubble burst.

20. See David Wells and Adrian Michaels, "US Mutual Fund Industry Faces Big Fines for Abuses," *Financial Times* (November 4, 2003).
21. See Joshua Chaffin and David Wells, "Bankrolling Bush: Wall Street's Finest Earn their Spurs," *Financial Times* (March 18, 2004).
22. The ratio of pre-tax corporate income to the net capital stock fell from 14.2 per cent in 1966 to 4.6 per cent in 1982, and then increased to a peak of 9.6 per cent in 1997. For a comparison of different ways of measuring profitability, see Edward N. Wolff, "What's Behind the Rise in Profitability in the US?," *Cambridge Journal of Economics*, vol. 27, no. 4 (2003), pp. 479–99.
23. Productivity growth in the US averaged close to 3 per cent a year from 1948 to 1973; this fell to an average of 1.4 per cent a year from 1974 to 1994; it then increased to 2.5 per cent a year from 1995 to 2000.
24. Low inflation was also the result of low primary commodity prices. This was linked to a big increase in supply, as developing countries were obliged to adopt so-called structural adjustment programs as a condition of receiving loans from the International Monetary Fund and the World Bank.
25. According to Federal Reserve figures, capacity utilization, which stood at around 85 per cent in the second half of the 1990s, fell to 75 per cent in 2001 and remained at that level in 2002 and 2003.
26. Some caution is necessary in interpreting the recovery in investment expenditure in 2003. Much of the increase is due to the inflation adjustment made by the US statistical authorities. This adjustment has to allow for improvements in the quality of products, and the system used in the US, known as "hedonic pricing," results in a higher inflation-adjusted value for computer technology than would result with the statistical conventions employed by European authorities. See Kurt Richebacher, "America's Recovery is not What it Seems," *Financial Times* (September 5, 2003).
27. The continued rise of inequality under the Clinton government is stressed in Robert Pollin, *Contours of Descent, US Economic Fractures and the Landscape of Global Austerity* (London: Verso, 2003).
28. *Left Business Observer*, no. 103 (December 2002).
29. The Federal Reserve estimated that an increase of one dollar in share prices generates additional consumer spending of around 5 cents.
30. See James Poterba, "Stock Market Wealth and Consumption," *Journal of Economic Perspectives*, vol. 14, no. 2 (Spring 2000).
31. US Bureau of Economic Affairs, *National Income and Product Accounts*, Table 2.1. Interestingly, according to a study by the Federal Reserve, the decline in saving is explained almost entirely by the behavior of the same top 20 per cent of households who were the principal beneficiaries of the wealth effect. See Dean Maki and Michael Palumbo, "Disentangling the Wealth Effect: a Cohort Analysis of Household Saving in the 1990s," *Finance and Economics Discussion Papers*, no. 2001-21, Board of Governors of the Federal Reserve System (April 2001).
32. Federal Reserve System, *Flow of Funds Accounts*, Table L. 100.
33. Estimates cited by Robert Brenner, "New Boom or Bubble?," *New Left Review*, no. 25 (January–February 2004).
34. According to one estimate, mortgage capital withdrawals contributed 1.8 per cent to economic growth in 2003, when total growth was only 2.9 per cent. See Christopher Swann, "Carefree Spenders Take Care of World Economy," *Financial Times* (February 10, 2004).
35. Between 2001 and 2003, the increase in labor productivity averaged an extraordinary 4.5 per cent. For a comprehensive analysis, see Robert Gordon, "Exploding

- Productivity Growth: Context, Causes and Implications,” *Brookings Papers on Economic Activity*, no. 2 (2003). The figures for productivity growth may, however, be exaggerated as there have been reports that at a number of companies, workers have been obliged to work unpaid overtime, which would not show up in official figures. The best known example of this concerns Wal-Mart.
36. See Catherine L. Mann, “Globalisation of IT Services and White Collar Jobs: The Next Wave of Productivity Growth,” *International Economics Policy Briefs*, Institute for International Economics, Washington (December 2003).
  37. Christopher Swann, “‘Patriotic’ Plans to Stop US Jobs Moving Overseas Meet Scepticism,” *Financial Times* (February 19, 2004).
  38. Christopher Swann, “No End in Sight for America’s ‘Jobless Recovery,’” *Financial Times* (January 10/11, 2004).
  39. In summer 2003, the Council of Economic Advisors predicted that, following approval of the tax cuts, 5.5 million new jobs would be created within 18 months, but after seven months only 5 per cent of this had been achieved. See Jared Bernstein, Lee Price, and Issac Shapiro, *Missing the Moving Target. Meager Job Growth and the Poor Track Record of the Administration’s Job Forecasts*, Economic Policy Institute & Center on Budget Policy Priorities (February 2004).
  40. The role of international competition in explaining the US’s economic development is stressed in Robert Brenner, *The Boom and the Bubble, The US in the World Economy* (London: Verso, 2002).
  41. Michael Perelman, *The Pathology of the US Economy Revisited* (New York: Palgrave, 2002), argues that the dependence on imported goods is, in important respects, the result of the indiscriminate restructuring of the US economy through restrictive monetary policy and a strong dollar in the 1980s, that led to the unnecessary closure of many viable productive units.
  42. Bureau of Economic Affairs, US International Investment Position, Table 2.
  43. See David E. Sprio, *The Hidden Hand of American Hegemony. Petrodollar Recycling and International Markets* (Ithaca and London: Cornell University Press, 1999).



## 6

# The Way Towards Corporate Crime

*Ted Nace*

The election of George W. Bush as president in 2000 was strongly supported by a wide array of corporate interests, in particular the large Texas-headquartered energy and military companies that had previously backed his political career. But to understand fully the basis of the corporate political underpinnings of the Bush regime, it is useful to step back in time some three decades.

### MOBILIZATION OF CORPORATE POLITICAL POWER

In August 1971, two neighbors in Richmond, Virginia were chatting. One was Eugene B. Sydnor, Jr, a department store owner who had recently been appointed chairman of the US Chamber of Commerce's Education Committee; the other was Lewis Powell, Jr, one of the most well-connected corporate attorneys in the country, and a director on eleven corporate boards. The two talked about politics, and Sydnor was so intrigued by Powell's ideas that he asked Powell to put them in a memo to Sydnor's committee.<sup>1</sup>

The late 1960s and early 1970s weren't the best of times for men like Sydnor and Powell. Public attitudes towards businessmen were in the midst of a freefall. From 1968 and 1977, the percentage of Americans who agreed that "business tries to strike a fair balance between profits and the interests of the public" dropped from 70 per cent to 15 per cent.<sup>2</sup> The country was experiencing the biggest social upheaval since the Great Depression, and much of what was going on seemed aggravating if not downright frightening to big business. Writes one political scientist, "Order seemed to be unraveling: massive anti-war protests on the mall; a half-million troop war effort bogged down and hemorrhaging in the mud of Southeast Asia; economic stagnation and declining profit rates; and, in the cities, skyrocketing crime coupled with some of the most violent riots since the Civil War."<sup>3</sup>

By 1971, it was clear that both the consumer and the environmental movements, which had barely existed five years earlier, had become forces to be reckoned with. Seven major environmental and consumer groups were established in 1969 and 1970 alone: Friends of the Earth, the Natural Resources Defense Council, Public Citizen, Common Cause, Environmental Action, the Center for Law and Social Policy, and the Consumer Federation of America.<sup>4</sup> Caught flat-footed by this grassroots mobilization, corporations were unable to mount sufficient opposition to stop such legislation as the National Environmental Protection Act (1969), the Clean Air Act Amendments (1970), a ban on all cigarette commercials from radio and television (1970), and the cancellation of funding for the Supersonic Transport Plane (1970).<sup>5</sup> Thus it was President Richard Nixon who presided over one of the greatest expansions in the regulatory scope of the federal government, including The Environmental Protection Agency, the Occupational Safety and Health Administration, and the Consumer Product Safety Commission.<sup>6</sup>

Perhaps it could have been foreseen that the successes of the environmental and consumer movements would trigger some sort of backlash by big business, but the scale of the corporate political mobilization proved to be unprecedented. Even more improbable was the man whom many credit with inspiring that mobilization, a 64-year-old lawyer named Lewis J. Powell, Jr.

A few days after his conversation with Sydnor, Powell asked his secretary to take dictation, and he composed a memorandum describing his view on the malaise afflicting corporate America and the steps he felt the US Chamber of Commerce should take to halt the slide in the political fortunes of big business. The memorandum was marked "Confidential" and was distributed as a special issue of the Chamber of Commerce's periodical *Washington Report* to top business leaders.<sup>7</sup> Entitled "Attack on American Free Enterprise System," it is a remarkable document, forming the seminal plan for one of the most successful political counterattacks in American history. But the memorandum is also remarkable in another way. Two months after writing it, Powell was nominated to the Supreme Court by President Nixon, a position which placed him in an incomparable strategic position to advance the goals expressed in the memorandum. Thus, the memorandum is worth reading, not just as a rallying cry directed at business in general, but as a way of understanding the pro-corporate constitutional shift that occurred in the Court under his leadership.

Like Justice Stephen Field a century earlier, Lewis Powell was a conservative Democrat appointed to the Supreme Court by a Republican

president. Like Field, Powell identified closely with the goals of big business, both ideologically and personally. Prior to his appointment to the Court, he had spent his career as a well-connected corporate lawyer, eventually rising to the presidency of the American Bar Association.

From today's perspective, the Powell memorandum paints a rather surprising portrait of the attitudes among corporate leaders just 30 years ago, a time when such men actually saw themselves as a despised, downtrodden, "impotent" element in American society. Free enterprise, wrote Powell, was under "massive assault," not just by "extremists of the left," but from "perfectly respectable elements of society: from the college campus, the pulpit, the media, the intellectual and literary journals, the arts and sciences, and from politicians." He warned that the problem could not be dismissed as a temporary phenomenon: "It has gradually evolved over the past two decades, barely perceptible in its origins and benefiting from a gradualism that provoked little awareness." Unfortunately, business was proving sluggish in waking to the situation. Spurred by "the hostility of respectable liberals and social reformers," the growing force of anti-business sentiments "could indeed fatally weaken or destroy the system."

Though Powell's memorandum pointed to many causes of the problem facing corporate America, he identified college campuses as "the single most dynamic source," noting that the "social science faculties usually include members who are unsympathetic to the enterprise system," including outright socialists as well as "the ambivalent liberal critic who finds more to condemn than to commend."

If the notion of charismatic social science professors threatening the power of the Fortune 500 sounds overstated, there is no doubt that Powell was correct in his general assertion that corporate America—at least for the moment—was experiencing a rare feeling of political helplessness. During a series of private meetings for CEOs sponsored in 1974 and 1975 by the Conference Board, executives expressed the fear that the very survival of the free enterprise system was in danger. At the meetings, 35 per cent of the participants stated that "government" was the most serious problem facing business in general. One participant said that "the American capitalist system is confronting its darkest hour." Another noted, "At this rate business can soon expect support from the environmentalists. We can get them to put the corporation on the endangered species list."<sup>8</sup>

Of course, federal regulation of business was hardly new—in fact, the creation of much of it had been sponsored or supported by the corporations themselves. The first regulatory body was the Interstate Commerce Commission, set up in 1886. Internal correspondence

among railroad executives indicates that they saw regulation as a boon rather than as an impediment.<sup>9</sup> The Pure Food and Drug Act and the Meat Inspection Act of 1906 created product standards supported by manufacturers. In 1911, the National Association of Manufacturers wrote a model workers' compensation law that was adopted by 25 states over the next three years. The Federal Reserve System, created in 1913, was strongly supported by bankers. Businesses initiated and supported the establishment of the Federal Trade Commission in 1914. In the 1930s, more regulatory agencies were added, including the Securities and Exchange Commission, the National Labor Relations Board, the Federal Communications Commission, and the Civil Aeronautics Authority. And during the industrial drive to support military action in World War II, big government and big business became even more interconnected.<sup>10</sup>

Those previous regulatory waves had largely been welcomed by corporations, which found the supervision of federal agencies useful for such purposes as maintaining price floors, excluding potential competitors from entering their markets, performing useful research and marketing, and organizing subsidies.

In contrast to this old-style regulation, the new wave of consumer and environmental regulation was by nature more intrusive and adversarial, and consequently far less palatable to corporate America. How, then, to fight back? Obviously, business would have to organize. New strategies and tactics were needed.

## NEW STRATEGIES AND TACTICS

In the past, most business political activity had centered on industry-specific trade groups, though occasionally, larger coalitions would form to deal with a specific issue. But on the whole, sustained political cooperation among large corporations was more the exception than the rule. Even in the 1930s, when CEOs like Alfred Sloan of General Motors and advertising executives like Bruce Barton cajoled their colleagues to become more active in counteracting the public's negative perceptions of big business, most companies or trade groups mounted independent publicity efforts.<sup>11</sup>

Lewis Powell realized that sporadic or half-hearted organizing would not work. It was time, he wrote in his memorandum, for corporate America to get as serious about politics as it was about business. The key phrases here—"long-range planning," "consistency of action," "indefinite period of years"—set the Powell memorandum apart from the usual call to the barricades. Enthusiasm, mobilization, and

commitment were all fine, but something more was needed. Executives would have to apply to politics the same attention to strategy and methodical execution that they applied to business in general. To truly succeed in resetting the terms of American politics, corporations needed to systematize their approach, creating new institutions and giving those institutions sustained support.

According to Powell, the resources needed for such an effort could only come by securing a new level of committed involvement by those at the top of the corporate hierarchy: “The day is long past when the chief executive officer of a major corporation discharges his responsibility by maintaining a satisfactory growth of profits . . . . If our system is to survive, top management must be equally concerned with protecting and preserving the system itself.”

As though in direct answer to Powell’s rallying cry, an unprecedented wave of political organizing began among business executives soon after the publication of the memorandum. In 1972, Powell’s vision of a mobilization of top management came to fruition when Frederick Borch of General Electric and John Harper of Alcoa spearheaded the formation of the Business Roundtable, an organization made up exclusively of CEOs from the top 200 financial, industrial, and service corporations.<sup>12</sup>

Because of the composition of its membership, the Roundtable occupied a position of unique prestige and leverage. It functioned as a sort of Senate for the corporate elite, allowing big business as a whole to set priorities and deploy its resources in a more effective way than ever before. For example, in 1977, major corporations found themselves divided over a union-backed legislative proposal to reform and strengthen federal labor law and repeal the right-to-work provisions of the Taft–Hartley Act. Some members of the Roundtable, such as Sears Roebuck, strongly opposed the legislation because they believed it would provide leverage to their low-paid workforces to unionize. On the other hand, members whose workforces had already unionized, such as General Motors and General Electric, saw no need to oppose the legislation. However, after the Policy Committee of the Roundtable voted to oppose the legislation, all the members of the Roundtable joined in the lobbying efforts. Political scientists mark the defeat of the legislation as a watershed.<sup>13</sup>

In addition to the Business Roundtable, the 1970s saw the creation of a constellation of institutions to support the corporate agenda, including foundations, think tanks, litigation centers, publications, and increasingly sophisticated public relations and lobbying agencies. According to Lee Edwards, official historian of the Heritage Foundation,

wealthy brewer Joseph Coors was moved by Powell's memorandum to donate \$250,000 to the Analysis and Research Association, the original name for the Heritage Foundation. Other contributors followed his example.<sup>14</sup> Powell also inspired an initiative by the California Chamber of Commerce that led to the formation of the Pacific Legal Foundation, the first of eight conservative litigation centers.<sup>15</sup> Former secretary of the treasury William Simon, head of the Olin Foundation and one of the engineers and funders of this effort, described its goal as the creation of a "counterintelligentsia" that would help business regain its ideological footing.<sup>16</sup>

While the Business Roundtable pursued a highly public approach to corporate advocacy at the federal level, another group pursued an "under the radar" approach at the state level. Founded by conservative leader Paul Weyrich in 1973, the American Legislative Exchange Council (ALEC) originally focused on right-wing causes such as abortion and school prayer, but as numerous corporations began contributing to the Council in the 1980s, the emphasis shifted to business-oriented issues. Eventually, the number of corporations involved in funding the Council grew to over 300. The ALEC presented itself as a non-partisan provider of services such as research to chronically understaffed state legislators. Its *forte* was the drafting of model bills with beguiling titles such as "The Environmental Good Samaritan Act" or the "Private Property Protection Act." The approach proved to be highly successful, especially in complex areas such as electricity deregulation, where state legislators leaned on the technical expertise of the ALEC. On such issues, the combination of the ALEC's seemingly neutral model bills and the active lobbying of ALEC members such as Enron CEO Kenneth Lay proved highly effective. During the 1999–2000 legislative cycle, legislators belonging to the ALEC introduced more than 3,100 bills based on the organization's model bills. Of these, 450 were enacted.<sup>17</sup>

At the national level, the permanent organizations that made up the corporate political infrastructure would assemble short-term coalitions as needed to wage particular battles. These coalitions often combining the prestige, financial resources, and Washington clout of the Business Roundtable with the ability of industry-specific groups to mobilize large numbers of people. Some coalitions such as USA–NAFTA lasted only as long as needed to pass or defeat a particular piece of legislation. Others became long-standing fixtures in the Washington landscape.<sup>18</sup>

Typical of such coalitions were the Center for Tobacco Research, described by the *Wall Street Journal* in 1993 as "the longest running misinformation campaign in U.S. business history"; the Cooler Heads Coalition, which sought "to dispel the myths of global warming";

the Competitive Enterprise Institute, a research and advocacy group which advocated against safety and environmental regulation; and the Environmental Education Working Group, which sought to undermine environmental education programs in schools. Some corporations belong to dozens of such coalitions.<sup>19</sup>

Over time, the new political infrastructure honed a variety of political techniques. Alongside traditional tactics such as lobbying and corporate hospitality, innovative new methods emerged such as “astroturfing.” As defined by *Campaigns & Elections* magazine an astroturf campaign was a “grassroots program that involves the instant manufacturing of public support for a point of view in which either uninformed activists are recruited or means of deception are used to recruit them.” Like short-order democracy cooks, the Washington-based consulting firms that specialized in astroturfing could serve up a fully orchestrated “grassroots” citizen campaign—just name the issue.<sup>20</sup>

On the fringe of the new corporate politics was a grab-bag of dirty tricks used to silence corporate opponents. To place environmentalists in a bad light, public relations firm Hill & Knowlton distributed a memorandum on the letterhead of Earth First calling for activists to commit violence “to fuck up the mega machine.”<sup>21</sup> More common was the use of lawsuits to silence and intimidate corporate critics. According to law professors George Pring and Penelope Canan, thousands of such suits were filed from the mid-1970s to the mid-1990s. Pring and Canan coined the term “strategic lawsuit against public participation” (SLAPP).<sup>22</sup> Their research showed that the targets of such suits rarely lost in court but nevertheless were “frequently devastated and depoliticized and discourage others from speaking out—‘chilled’ in parlance of First Amendment commentary.”<sup>23</sup>

With funding from a number of corporate sponsors, the Animal Industry Foundation (AIF) led efforts to enact “agricultural product disparagement laws” in numerous states. Such legislation provided new opportunities for SLAPP suits, the most famous of which was the suit brought by the Cactus Cattle Corporation against Oprah Winfrey and her guest Howard Lyman, following the April 16, 1996 episode of the Oprah Winfrey show, which dealt with the potential dangers resulting from the practice of using processed dead livestock in cattle feed.

A transcript of the show indicates no possible slander of any individual, or even of any company—merely of the practice of feeding dead cows to other cows. Lyman, a former rancher and a staff member of the US Humane Society, warned that the United States was risking an outbreak of mad cow disease by “following exactly the same path that they followed in England.” Citing USDA statistics, Lyman noted

that 100,000 cows die of disease each year, and that “the majority of those cows are rounded up, ground up, turned into feed, and fed back to other cows.” He warned that since mad cow disease is transmitted by eating animals infected with the disease, “If only one of them has mad cow disease, it has the potential to affect thousands.”

Oprah reacted viscerally, “It has just stopped me cold from eating another burger.”<sup>24</sup>

As is typical in SLAPP cases, Winfrey and Lyman won the suit, but it was six years before the final appeal by the litigants had run its course. The fact that Winfrey was forced to spend millions in legal fees and expenses sent a chilling message to consumer advocates. Authors of books on the topic found it more difficult to find a publisher, producers of documentaries found it more difficult to secure funding and airtime. Free speech on issues of food safety had been effectively squelched.

Yet another thrust of the corporate political agenda was the fostering of a sympathetic climate for corporate anti-regulatory ideology among the federal judiciary. To this end, several pro-corporate foundations developed “judicial education” seminars, which involved free trips for federal judges to attend training sessions at resorts such as Marco Island, Florida. Here corporate perspectives on environmental regulations, anti-trust law, and other topics were presented along with golf, fishing, and other recreations. The organization that pioneered the judge junkets, the Law and Economics Center, was founded in 1974 and funded by a number of corporations such as Ford Motor Company, Abbott Laboratories, and Proctor and Gamble, as well as right-wing foundations such as the Carthage Foundation and the Olin Foundation. LEC’s program included such seminars as “Misconceptions About Environmental Pollution and Cancer.” Later, additional conservative groups joined the judicial education movement, including the Foundation for Research on Economics and the Environment (FREE) and the Liberty Fund.<sup>25</sup> Topics at a typical seminar sponsored by FREE at the Elkhorn Ranch in Big Sky, Montana, included “The Environment—a CEO’s Perspective,” taught by retired Texaco CEO Alfred DeCrane, “Progressive Myths and the Lords of Yesteryear,” and “Why We Should Run Public Lands Like Businesses.”<sup>26</sup>

According to LEC’s newsletter, many judges reported that the seminars had “totally altered their frame of reference for cases involving economic issues.” One such judge was Spencer Williams, who attended a Law and Economics seminar at the Key Biscayne Hotel in Miami while presiding over a predatory pricing case being heard in US district court. Returning from the seminar, the judge overturned a jury’s decision that would have awarded \$15 million to the plaintiff. In a letter to the



LEC, Williams wrote, “As a result of my better understanding of the concept of marginal costs, I have recently set aside a \$15 million anti-trust verdict.”<sup>27</sup>

Foundations, think tanks, coalitions, litigation centers, publications, judicial education—all these contributed to the corporate political comeback. But there was one final old-fashioned ingredient to add to the mix: money. Obviously, in politics, money isn’t everything. While some politicians will sell their votes in exchange for some crisp bills passed in a cloakroom, that’s not how the pros play the game. Smart lobbyists direct contributions strategically rather than tactically, contributing year in and year out to the members of crucial committees, to *both* political parties, and sometimes even to a politician’s pet causes rather than to the candidate himself or herself. But while money has to be used in the right way, it is the element that makes all the other elements work properly.

Only one problem stood in the way of corporations putting together a system for deploying political money at the federal level: a Progressive Era law known as the Tillman Act. The Tillman Act originated in an 1898 scandal in the Republican Party and became law in 1907. It banned contributions by corporations to federal campaigns. In 1947, the Taft-Hartley Act added labor unions to the ban.<sup>28</sup>

On the surface, the 1970s did not look like an auspicious time to try to undo the ban on the use of corporate political donations. In fact, corporate donations had a particularly bad image at the time after revelations during the Watergate scandal that numerous businesses had doled out money to President Nixon from secret political slush funds. In one notorious incident, the chairman of Archer Daniels Midland had walked into the White House and handed the President’s personal secretary an envelope stuffed with a thousand \$100 bills.<sup>29</sup> Eventually, twelve corporations were shown to have donated \$750,000 in cash to Nixon.<sup>30</sup> Given public outrage over such activities, it was unlikely that the Tillman Act ban on corporate contributions to candidates would be revoked; a more sophisticated avenue would have to be developed.

That avenue arrived from an improbable source: the labor movement. After the Taft–Hartley Act of 1947 had banned labor unions from contributing to federal candidates, labor unions had invented the political action committee. PACs had allowed unions to get around the ban on union political contributions by encouraging their members to donate on an individual basis to a union-sponsored PAC, which in turn made contributions to candidates. But even after PACs were legalized for corporations by the Federal Election Campaign Act in 1971 and

1974, corporations found them of little use because the law allowed them to solicit stockholders but not employees.

In 1975 the legal status of PACs was finally addressed by the Federal Election Commission in a little-known 1975 decision known as the SUN-PAC ruling. Not only did SUN-PAC give the green light to corporate PACs, it also gave corporations permission to solicit contributions from their employees and to use their own treasury funds to manage their PACs.<sup>31</sup>

Prior to the SUN-PAC ruling, the use of PACs had depended on the rare stockholder who happened to have a high degree of interest in the political agenda of the company. After the ruling, corporations were freed to “work” their own employees for contributions. In the mid-1980s, researchers at the University of Massachusetts and the University of Maryland began a series of anonymous interviews inside corporations about how PAC money is raised. The results were revealing. At some companies, the researchers found no attempt to pressure employees to contribute to the company PAC. At other companies, the official stance was “no pressure” but the methods used involved meetings where employees were repeatedly solicited by their bosses. The researchers concluded that, given the nature of employer–employee relations, the pressure to contribute to PACs is real, if somewhat veiled: “If your boss comes to you and asks for a contribution saying he or she hopes that all team players will be generous, it’s not easy for you, an ambitious young manager, to say no.”<sup>32</sup>

Not surprisingly, the research found that positions taken by corporate PACs on legislative issues were not derived by a democratic process among the employees making the contributions. In every company surveyed, all such decisions were made by senior management. In effect, the PAC served as a means for a corporation to make direct political contributions—the exact opposite of the intent of the Tillman Act.

After the SUN-PAC ruling, the use of PACs by corporations exploded. In 1974, labor PACs outnumbered corporate PACs by 201 to 89. Ten years later, the numbers were reversed, with corporate PACs far outnumbering labor PACs, 1,682 to 394.<sup>33</sup>

For lobbyists, PACs became a resource to be systematically managed, with overhead expenses paid for out of company coffers. Making this resource even more effective was the arrival of organizations devoted specifically to coordinating PAC activity among corporations. These included the Business–Industry Political Action Committee (BIPAC), the National Association of Business Political Action Committees, and the National Chamber Alliance for Politics. Such coordination allowed PAC money to be deployed with maximum effectiveness.<sup>34</sup>

At the state level, corporate money encountered even fewer regulatory barriers than at the federal level. In addition to the influence of corporate money on state legislatures, corporations spent heavily on advertising campaigns aimed at passing or defeating citizen ballot initiatives. Unfortunately, efforts by states to regulate such corporate expenditures suffered a serious setback when the Supreme Court declared in the 1978 *Bellotti* decision that such expenditures were protected by the First Amendment of the Constitution.

When George Bush Jr came to power, the corporate political mobilization accomplished its greatest triumph to date. Bush was the consummate corporate president, a man utterly unashamed to make corporate America's agenda his own. It is ironic, then, that when the first major scandal of the Bush administration erupted, the locus of that scandal was corporate America itself, and that Ground Zero in that scandal was the very company that had been Bush's most fervent and lucrative supporter—Texas-based Enron Corporation.

### CRIME WAVE

It started quietly enough. On October 4, 2001, two executives of Enron Corporation worked the phones from the company's Houston headquarters, breaking the news to analysts for the nation's major credit-rating agencies that the company was expecting to report significant losses for its third quarter. Later that week, the company's Board of Directors met and were also informed of the losses, which were described as significant—\$600 million. For most companies, a loss of that magnitude would be a fatal stumble. But to Enron, it looked like little more than a speed bump. Company executives explained the losses as a one-time setback with no significant effect on the company's future. The directors later said that they left the meeting feeling that the company was doing fine.<sup>35</sup>

Enron, after all, was the epitome of success. For five years running, the company had been named "most innovative" by *Business Week*. Enron didn't just dominate markets—it invented them. Around the world, the United States pushed governments like those of Argentina, Mozambique, the Philippines, and India to privatize key state enterprises and sell those enterprises to Enron. When financing was needed, the US government provided the loans. No company in American history has ever been more closely connected at the highest levels of government. At least 28 former US officials worked for the company as employees, officers, directors, consultants, or lobbyists. The Bush administration counted five former Enron executives in its inner circles.<sup>36</sup> Over the

course of his career, Bush himself had received more money from Enron than from any other donor: \$572,000, according to the Center for Public Integrity. In preparing the administration's energy policy, Vice President Dick Cheney's staff met six times with Enron representatives. And upon the recommendation of Kenneth Lay, President Bush chose Pat Wood as head of the Federal Energy Regulatory Commission, the main watchdog agency keeping tabs on Enron's gas and electricity businesses.<sup>37</sup> Of course, Enron knew better than just to work with one side of the political aisle: its ties to Democrats, though weaker than those to Republicans, were nevertheless significant. Three-quarters of the Senate had received contributions from the company's PACs.<sup>38</sup>

In hindsight, the announcement of Enron's \$600 million loss was merely a prelude—a clearing of the throat. Not long after reporting the loss, the whispering began in hallways and cubicles of Washington, Houston, and Wall Street. Rumors circulated that the credit-rating agencies had found Enron's accounting to be perplexing. Soon, the story emerged that executives within the company had created secret partnerships into which they had channeled hundreds of millions of dollars. It was also rumored that Enron had created over 2,800 bogus subsidiaries in offshore locations. Both rumors turned out to be true. Much larger losses were imminent—perhaps even civil and criminal charges. Investors hurried to unload their shares, the stock price tumbled, and within weeks, \$60 billion dollars of investor equity had disappeared into the ether.

For employees of the company, what stung most were revelations that 29 company executives, while knowing the company was in danger of collapse, had sold their own stock—some \$1.1 billion, according to a shareholder lawsuit.<sup>39</sup> Indeed, during the period when the value of the company's stock was sliding most quickly, Enron had blocked employees from selling shares in their own retirement portfolios.<sup>40</sup> At angry meetings attended by laid-off employees, the sense of betrayal was intense.

And then, like a grassfire leaping a highway on a windy day, the Enron scandal seemed to ignite scandals in other companies. By July 2002, the scandal sheet included over a dozen corporations, including Adelphia, AOL Time Warner, Arthur Anderson, Bristol-Meyers Squibb, Global Crossing, Halliburton, Johnson & Johnson, Qwest Communications, Tyco, WorldCom, and Xerox.<sup>41</sup>

Each scandal was unique, but they tended to have features in common. In most cases, executives had used illicit accounting schemes to artificially enhance the company's financial appearance, thereby enhancing the stock price. The motive was clear. High stock prices

maximized the value of the stock options that had become a major part of executive compensation packages. The use of options—rather than a straight salary—had been intended to motivate corporate leaders and to align their interests with those of the company's shareholders. Instead, the effect had been the reverse.

The rise of stock options in the 1980s and 1990s was part of a remarkable increase in executive compensation during that period, especially for CEOs. In 1980, the average CEO of a large corporation earned 42 times the average hourly worker's pay; by 2001, the ratio had soared to 411 times.<sup>42</sup> The increase reflected a major change in the image and status of business leaders. In the 1950s and 1960s, the CEO was viewed in the context of a managerial team. Stability was valued; the ethos was bureaucratic rather than entrepreneurial. By current standards, salaries were astonishingly low. For example, in 1950, the pre-tax income of the best-paid CEO in the United States, Charles E. Wilson of General Motors, was \$626,300, a minuscule salary by today's standards. Moreover, tax rates were steep for high-income earners. Had Wilson paid federal income taxes on his entire compensation, his after-tax disposable income would have been a mere \$164,300.<sup>43</sup>

Why was CEO compensation so much lower only decades ago? According to economist Paul Krugman, in previous generations salaries were linked to the size of the company, not to its growth rate, and salaries were kept in relative check by the lingering effect of a New Deal social ethos that "imposed norms of relative equality in pay." Krugman quotes John Kenneth Galbraith's popular 1967 book *The New Industrial State*: "Management does not go out ruthlessly to reward itself—a sound management is expected to exercise restraint. . . . Group decision-making insures, moreover, that everyone's actions and even thought are known to others. This acts to enforce the code and, more than incidentally, a high standard of personal honesty as well."<sup>44</sup>

## NEW CEO IMAGE, NEW COMPENSATION

In the 1980s, the image of the CEO as a restrained team player was abandoned in favor of a new one: the swashbuckler. High-profile CEOs like Lee Iacocca added to the traditional role of manager the additional roles of super-salesman, public advocate, even best-selling author. Clearly a CEO such as Iacocca was worth a mammoth pay check. Another version of the star CEO emerged in the improbable persona of the hard-driving, twenty-something nerd-entrepreneur, epitomized by Bill Gates. Even though few CEOs could claim the selling abilities of an Iacocca or the genius of a Gates, such celebrity business

leaders did much to exorcise the image of CEOs as the bureaucrats and social pariahs depicted in the Powell memorandum. Indeed, they were becoming the new generation's equivalent of rock stars.

Reinforcing the phenomenon of the CEO celebrity was a new school of thought on compensation pioneered by Chicago School economists Michael Jensen and William Meckling, who published dense journal articles in the mathematical argot of neoclassical economics challenging the old methods for compensating CEOs. According to Jensen, Meckling, and others, companies would produce better results overall if executive compensation were linked to stock market performance rather than to company size. Thus was born the stock option as an integral part of executive compensation packages.<sup>45</sup>

The logic of stock options was clear enough—in theory, they created incentives for outstanding performance, while holding CEOs accountable to clear goals set by the Board of Directors. The problem was that in many large corporations, the independence of boards is an illusion. In reality, many CEOs had the power to create lucrative compensation targets, then revise the rules of the game if results fell short of the target. If the stock price met the original goal, the CEO hit the jackpot. If the stock price underperformed, the option was repriced, giving the CEO another chance. Few CEOs could resist such a game. In 1980, fewer than a third of CEOs received such options; by 1997, options had become the norm among the top 200 corporations, and the average value was \$32 million. By 2001, the average value had climbed to \$50 million.<sup>46</sup>

The use of options pushed the pay gap between CEOs and other corporate employees to an astonishing level. In fact, so extensive was the awarding of options to CEOs that control of many corporations literally changed hands. According to corporate governance expert Robert Monks, ownership by top management expanded during the 1990s from 2 per cent to 13 per cent of all outstanding corporate equity—a share easily sufficient to secure control of many large corporations.<sup>47</sup>

In addition to drastically polarizing the distribution of wealth in America, options produced a number of unforeseen perverse effects, especially an increasing tendency for corporations to manipulate their financial results. The stratagems included shifting revenues or expenses either forward or backward, hiding liabilities, reporting bogus revenue, treating one-time gains as normal revenue, and treating normal expenses as capital expenditures. As noted by accounting experts such as Howard Schilit of American University, such irregularities began to appear with mounting frequency throughout the 1990s, though they stayed

below the public radar until the huge financial meltdowns of Enron, WorldCom, and other companies in 2001 and 2002.

### PEELING THE ONION

The perverse effects of options provided something people craved: an explanation for why things had gone so terribly wrong at so many companies. But it did not really address the root cause of the problem. After all, the American business system is world famous for the strengths of its checks and balances, its multiple layers of oversight. Layer one is the accounting standards maintained by the Financial Accounting Standards Board, which are intended to ensure that the financial information received by investors and bankers allows an accurate assessment of corporate performance. Layer two is the periodic audit, conducted by large professional accounting firms. Layer three is the threat of investor lawsuits: if companies or accounting firms lie to investors, both can be sued in civil court. Layer four is the Securities and Exchange Commission (SEC), empowered to ensure the integrity of individual companies and the soundness of the system as a whole. Layer five is Congress, especially the oversight committees that scrutinize the performance of the SEC and other regulators. Layer six is the media, afforded special protections by the US Constitution to shine the spotlight of public attention on whomever and whatever it chooses.

With so many layers of oversight, how could things have gone so badly wrong in so many companies at once? Maybe the answer was actually a simple, straightforward one—old-fashioned greed and perfidy, unleashed in the heady environment of a colossal boom. Such an interpretation had a basic appeal, since indicting the morals and character of a few isolated rogues suggests readier solutions than blaming—and thereby being forced to address—the system itself. And so, as the scandals of 2001 and 2002 refused to leave the headlines, President George W. Bush spoke out in support of basic ethic standards. Declaring that “too many corporations seem disconnected from the values of our country,” Bush denounced “destructive greed,” and proposed increasing the maximum prison sentence for executives found guilty of fraud from five years to ten.<sup>48</sup>

The Bush response was notable for its chutzpah. After all, the spotlight of scrutiny provoked by Enron and other scandals had widened to include both President Bush and Vice President Cheney. Bush found himself answering questions about why he had earned hundreds of thousands of dollars selling stock in his company, Harken Energy,

shortly before the company announced a raft of bad news that sent the stock plunging. The investigation of the affair, conducted by the SEC during the first Bush administration, appeared to have been extremely mild.<sup>49</sup> Now, questions were being asked, not only about Bush's business record but about Vice President Cheney's as well, and the SEC opened an investigation into charges that Halliburton, the company Cheney had run prior to becoming vice president, had engaged in dubious billing and accounting practices under his watch.<sup>50</sup>

With the Bush administration absorbed in its own damage control, it was the Business Roundtable—the “senate” of corporate America, made up exclusively of CEOs from the top 200 companies—that stepped in with what appeared to be a deeper explanation of the corporate crime wave, along with a proposal for curing the patient. According to the Business Roundtable, the problem in the industry was essentially one of business not doing enough to keep pace with the times. As the Enron scandal peaked in March 2002, the Roundtable released a statement declaring that the problems with Enron were a “troubling exception” in a system with an “overall record of success.” Nevertheless, Roundtable president Franklin Raines announced that the organization was in the process of an expedited review of its 1997 corporate governance standards. Two months later, the Roundtable released the results of the review, a series of “best practices” recommendations for the organization of corporate boards and committees, the approval of stock options, and the disclosure of pertinent information.

As for the use of stock options for executive compensation, the Roundtable recommended no essential changes. Instead, the organization affirmed the appropriateness of a “management compensation structure that directly links the interests of management to the long-term interests of shareholders, including short-term and long-term incentives.”<sup>51</sup>

If ever there were an area where Congress might want to heed the advice of groups *other* than big business, it would be a spate of scandals involving big business itself. Yet the legislation adopted in response to the scandals, the Sarbanes–Oxley Act, represented a fairly mild set of measures that barely exceeded the “best practices” recommendations of the Roundtable: requiring CEOs to certify their company's financial reports, tightened the regulations for corporate auditing committees, banning inside loans to executives and board members, prohibiting accounting firms from serving as consultants to their clients during audits (but not prohibiting accounting firms from advising their clients at other times), requiring disclosure of off-balance sheet items, and increasing fines for fraud and other violations.



Not surprisingly, the Roundtable applauded Sarbanes–Oxley, the legislative enactment of the Roundtable’s assertion that big business merely needed an accounting tune-up, and that voluntary measures by the corporate sector would mainly be sufficient to get the house of corporate America back in order. Congress readily agreed; neither Republicans nor Democrats fought for stronger measures. That response by the Republicans was understandable, given the party’s traditional identification with the interests of big corporations. But what had happened to the Democrats?

The answer can be found by following the money. In the ten years preceding the scandal, corporations had doled out over \$1.08 billion in campaign contributions: \$636 million to Republicans and \$449 million to Democrats.<sup>52</sup> No one, it seemed, had any incentive to rock the boat. In the decade prior to the Enron scandal, there had been three major fights in Congress having to do with the accounting industry practices and accountability. In all three cases, big business lobbying overwhelmed potential reforms:

- **Stock options:** In 1993, the Financial Accounting Standards Board (FASB) attempted to close the loophole that allowed companies to reward stock options to employees and executives without reporting those options as expenses. Big business mounted a huge lobbying effort, and Congress, led by Democratic Senator Joseph Lieberman, pressured the FASB not to treat stock options as a corporate expense.<sup>53</sup>
- **Tort reform:** Part of the “Contract with America,” which fueled the Gingrich revolution of 1994 in which the Republicans gained a majority of the House of Representatives, was “tort reform.” Proponents of tort reform denounced the prevalence of frivolous lawsuits and passed legislation making it much more difficult for investors and others to sue corporations and their accounting firms. In 1995, Congress passed (over President Clinton’s veto) the Private Securities Legislative Reform Act limiting the rights of investors to sue management. It also shielded accounting firms from being charged with aiding and abetting fraudulent activities. The result was a slack environment with little fear of lawsuits.<sup>54</sup>
- **Conflicts of interest within auditors:** In April 2000, SEC chairman Arthur Levitt proposed that auditing firms not be allowed to consult with the same companies that they were auditing, since wearing both hats puts auditing firms in a position where they have an interest in not rocking the boat. Levitt was not speculating about problems that might happen as a result of such conflicts. Already,

he had ample evidence that the practice of issuing “managed earnings” had “absolutely exploded.” And Arthur Andersen had already been fined \$7 million for its role in advising Waste Management Inc., which paid \$457 million in penalties for overstating its earnings between 1993 and 1997. To defeat the proposal, Anderson was joined by two other major accounting firms, KPMG and Deloitte & Touche, in an all-out lobbying campaign that included nearly \$23 million in campaign contributions to both parties. One well-positioned Congressman, Billy Tauzin of Louisiana, had received \$300,000 from the accounting industry over the prior decade. Seven lobbying firms worked on Capitol Hill to kill the proposal. The committee that oversees the SEC put pressure on the agency to abandon the proposal. This despite multiple convictions of Arthur Andersen and other firms.<sup>55</sup>

### THE LESSONS OF 2002

What was the lesson of the crime wave of 2002? First, it should be clear what the lesson *was not*. Personal corruption, conflicts of interest at accounting firms, the weakening of investor lawsuit remedies, the accounting standards applying to stock options, the definition of Generally Accepted Accounting Principles, or whether the Financial Standards Accounting Board should be independent or federally controlled—all these were merely symptoms.

The deeper problem was that corporate influence over democratic government had simply grown to the point where meaningful regulation of corporate America had become impossible. No better example can be drawn than the fate of the Sarbanes–Oxley Act itself. As described earlier, that legislation had hardly been severe. As a watchdog, the law was more of a poodle than a Rottweiler. But even the poodle was to be deprived of its teeth. A year after the establishment of the Accounting Oversight Board, the administrative body created by Sarbanes–Oxley in order to watch the accounting industry and institute new accounting standards, journalists looking into the aftermath of the corporate scandals of 2002 found that the Board had received no governmental funding for its operations. Instead, it was operating on money borrowed from the Treasury while it sought to develop ways of billing accounting firms themselves to finance its operations. But the Board had not even registered all the public accounting firms, much less figured out how to levy fees on them to support its regulatory activities. For its staff, the Accounting Oversight Board was drawing on employees from large

accounting firms and from the American Institute of Certified Public Accountants, the industry's own organization.<sup>56</sup>

In other words, the very regulatory organization that was supposed to be cleaning up the mess of corporate scandal was quickly showing signs of the same syndrome that had led to the scandals in the first place. Both in its funding and its staffing, the Accounting Oversight Board was clearly dependent on the accounting industry itself.

Scandals break out periodically in American business, and when they do, a window is opened briefly that allows public debates over the role of corporations in politics and society that normally do not take place. Yet even at the height of the scandal, the terms of the debate were extremely narrow. No one seriously proposed limiting corporate power in any radical way, much less excluding it altogether from the political process. The worst outbreak of business scandals in American history had failed to shake the system.

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# Poverty, Homelessness and Hunger in the US Today

*Jay Shaft*

So what's the good news, George? Homelessness has increased 50 per cent in three years, poverty increased again in 2003, and more children are going hungry; 502 soldiers died in Iraq, and 100 soldiers have now died in Afghanistan. Is there any good news?

George Bush went on TV on Tuesday night and told us all how good it is in America thanks to all the things he has done. He painted a rosy picture of economic recovery, renewed prosperity, new job growth, and many victories in the war on terror.

The facts he presented to America did not even remotely resemble the true facts behind the greatest crisis America has ever faced. No matter how he described the current situation in America, nothing he said came close to the truth about the real state of the Union.

The facts Bush used to show how well we are doing are just so many more lies and deceptions on top of an already long list of betrayals and deceptions that he has committed against the country as a whole.

Let's forget for a moment any myths the current administration is trying to get us to swallow. Let's instead look at the real facts and figures that every American should be aware of. Let's look at the current poverty rate, job situation, economic forecast, rise in the homeless population, and decline of our whole system of government.

I am going to present the true facts from both government and private organizations. I will let you be the judge of the current state of the union after you have seen the stark, cold facts of how bad it really has become in our great nation.

## POVERTY RATES SOAR UNDER BUSH

Let's start with the increase in the poverty levels in the first three years of the Bush administration. Since 2001 there has been at least an 8 per

cent rise in the number of families living in poverty. Since 2001 many social service agencies and government agencies have reported a 25–30 per cent increase in the number of families reporting their income as being within borderline poverty levels.

According to federal guidelines the poverty level for a family of four is income under \$18,400 a year. For a single person the poverty level is income under \$8,980 a year. For a single parent with one child the poverty level is \$12,120. Federal guidelines state that borderline poverty levels are an average income of within \$200 a month of the poverty level.

With the economic downturn of the past few years, unemployment and underemployment are higher than they have been in nearly a decade. The number of children living in low-income families is going up every month.

Low income is defined as up to twice the federal poverty level, or \$36,800 for a family of four.

There are at least 26.5 million children living in low-income families. Children represent a disproportionate share of the poor in the United States; they are 25.6 per cent of the total population, but 36.9 per cent of the poor population.

As low-income families increase their earnings, they rapidly lose eligibility for assistance such as childcare subsidies and health benefits. It is not until a two-parent family of four reaches roughly \$36,500 a year in income that parents can provide the basic necessities for their children. That's double the federal poverty level.

There is a very in-depth report called *Parental Employment in Low-Income Families* that was released by the National Center for Children in Poverty.<sup>1</sup> This report has a breakdown of income levels, work records, and some solutions to the problem of children living in low-income families.

The poverty rate in 2000 was 11.3 per cent, but there was a huge gap between minority and non-minority incomes. The poverty rate for African-Americans was 23.6 per cent compared to 7.7 per cent for whites, with an overall rate for minorities that was three times higher on a national average. The 2000 figures were the lowest in recorded history and indicated the trend of yearly decreases in poverty starting in 1993.

In 2001 the poverty rate went up to 11.7 per cent, with a general decrease in median income for the first time in eight years. In 2001 there were 32.9 million people in poverty, an increase of 1.3 million from 2000.

At first this small rise in poverty did not get much notice, but it affected large segments of the population, regardless of race or economic class. In 2001 there were 6.8 million families living in poverty, and 13.4 million people living in severe poverty, which means they make less than half of the federal poverty level.

This was just the first sign of the looming economic crisis under the Bush administration. It was initially blamed on an economic slowdown that began under Bill Clinton. The actual recession did not start until March 2001.

The poverty rate went up to 12.1 per cent in 2002, with 1.7 million new cases, equaling 34.6 million people living in poverty. In 2002 there were 7.2 million families living in poverty. There were 14.1 million people living in severe poverty. There were an additional 12.5 million people living just above the borderline of poverty in 2002, the same number as in 2001.<sup>2</sup>

The poverty rate increased in the Midwest in 2002, accounting for all the increase in cases of poverty. The poverty rates for the rest of the country did not increase in 2002. The Midwest has been the hardest hit by the poverty increases of the last three years.

There were over 14 million children living in poverty in 2002. Estimates for 2003 put the number of children living in poverty at over 15.5 million. There were at least another one million children who slipped into poverty in 2003. Official government figures have not been released yet, but many private agency reports and surveys have been. There are no exact figures for the poverty increase in 2003, but initial reports have pointed to a 13–13.5 per cent rate of poverty for 2003. The government figures will not be out until September 2004, but many private agencies have compiled shocking figures when it comes to new cases of poverty.

Many agencies I spoke to are estimating between 13 and 13.5 per cent poverty rates for 2003. Figures for the first six months of 2003 have already shown that the poverty rate is at least 12.5–13 per cent. It certainly looks like these figures are accurate. While unemployment has not risen, many people are now working for temporary employment agencies or for day labor agencies. After losing full-time employment many workers turn to temp agencies and day labors when they are not able to find a full-time job.

Social service agencies and agencies that provide aid to the poor and low-income families reported a 20 per cent or greater increase in requests for services in 2003. The homeless rate went up by 17–22 per cent in all reporting cities this year, and the growth rate of poverty usually reflects any increase in homelessness.



In 2003, 41 per cent of households with children reported one or more of the three targeted housing problems: crowded housing, physically inadequate housing, or paying more than 30 per cent of the household income for rent, mortgage, or housing costs. In 2003, 6.9 million low income households paid more than 50 per cent of their household income towards rent or house payments. US Department of Housing and Urban Development has stated that a household should not have housing costs that exceed 30 per cent of total household income.

I have contacted social service agencies in 15 major US cities. All have recorded an increase in the number of families with children reporting their income as being below the poverty level. Every agency I spoke to stated that there was at least a 20 per cent increase in the number of families reporting their income as below poverty level. Some of the agencies I talked to have charted a 40–50 per cent increase in clients reporting poverty and low income levels since 2002. Every agency had at least a 20 per cent increase in requests for services by families and adults who claimed to be in poverty or at the borderline of poverty.

From the figures I recently collected it appears that 20 per cent of the nation's children live in poverty, and another 40 per cent of children live on the threshold of poverty or in low-income families. The rise in unemployment, lack of full-time work, greater debts due to lack of employment, decrease in salary, and rental or mortgage increases were the main reasons many people gave for slipping closer to the poverty line.

In 2003 we saw the biggest increase in people reporting their income as being at the borderline poverty level; 2003 also saw the biggest increase in families reporting their earnings at low-income levels.

## UNEMPLOYMENT AND UNDER-EMPLOYMENT STILL A MAJOR CRISIS

At least 2.6 million workers have lost their jobs under the Bush administration. The Bush administration is the only one in 70 years which has had a decline in private sector jobs.<sup>3</sup>

The total unemployment rate is at 6.3 per cent for 2003: 9.1 million (adjusted figures) Americans are unemployed and that does not include the millions who have stopped collecting unemployment benefits or did not register as unemployed.

According to a July 2003 survey 70 per cent of workers exhausted their unemployment benefits before finding another job. If you count the workers who are not receiving any unemployment benefits, but are

still without a job, the actual number of those unemployed could be as high as 14 million.

House Republicans have refused to extend federal unemployment insurance benefits to those who exhaust their current benefits and remain unemployed. The White House has also refused to endorse significant federal aid to the states, even though tax increases and service cuts at the state level will fall most heavily on lower-income and minority populations.

If you look at the official Department of Labor statistics, they claim that the unemployment figure is 8,774,000 (unadjusted figures) for 2003. Many private groups are saying this figure is way too low.

The National Law Center for Homelessness and Poverty has stated that the surveys typically miss at least one million unemployed workers who decline to give any information. Some workers' rights groups have said that the government surveys may not include up to three million people who don't have year-round employment, or those who are self-employed and may not always have steady work, but are still counted as employed.

African-Americans have a phenomenally high unemployment rate of 11.2 per cent, almost twice that of the nation as a whole. African-American teenagers have an especially high unemployment rate of 28.2 per cent, twice that of the total national average for teenage unemployment.

Many middle-class workers have also been recently affected by the layoffs in the high-tech fields and skilled labor markets. Many high-tech and skilled service support jobs have been moved overseas to foreign trade zones. The biggest increase in workers losing jobs last year was among the middle class. Many former white-collar workers have been forced to take low-paying jobs in the restaurant and service industries, after failing to find employment in their former profession.

Many workers are forced to work for a temp agency or day labor while looking for full-time employment. Due to the general economic slowdown, the temporary agencies and day labors have not had as many jobs available. In a recent survey among temp agency workers, 62 per cent reported that they have had trouble finding work everyday, or had been unable to find long-term temp work.

The number of high-tech and factory jobs has declined while the service industry and restaurant industry have been the only job markets that have shown any significant increase in hiring.

Millions of Americans are being forced into low-paying jobs without benefits due to the loss of higher-paying jobs with benefits. Many workers have no other choice but to work two or three part-time jobs

with no benefits when they fail to find full-time employment. Sixty-seven per cent of workers who had managed to find some form of new employment said that the job they found did not meet their adequate income requirements. They stated that their new jobs did not pay enough to meet housing demands, electricity costs, food costs, and other household expenses; 85 per cent had taken a pay cut of at least 15 per cent, and 61 per cent said they had taken a pay cut of over 25 per cent when accepting new employment; 37 per cent had taken a new job that paid less than 50 per cent of their former salary.

Eighty-six per cent said the their new jobs provided fewer benefits such as health care, sick leave, and insurance. Sixty-one per cent said they had been forced to take new jobs that provided few or no benefits. Forty-seven per cent of all US workers do not have health care benefits or any form of health insurance coverage. (US Department of Labor Statistics and the Urban Institute.) Sixty-nine per cent of low-income workers reported being unable to pay electricity bills, rent or mortgage payments, doctor and medical bills, or health insurance payments at some point in 2003. The main reasons for being unable to pay their bills were low pay, high rent or electricity bills, loss of full-time work, pay cuts, and temporary loss of employment.

Fifty-four per cent of low-income workers reported that they were chronically late in the payments of household rental and mortgage expenses, and utilities. Chronically late in payments means that they have been unable to fully pay their bills for a period of three months or more (Urban Institute).

The latest report from the US Department of Labor stated that 277,000 eligible workers had stopped looking for employment after more than a year of being unemployed. More than two million people have been out of work for at least six months, the highest level in 20 years. The average job search lasted 19 weeks, up from twelve weeks in 2001.

All these facts and figures show that US labor market is far from the recovery George Bush has pronounced. The economic prosperity and bright future he promises seem a long way off for the millions of workers struggling to pay their bills after losing their jobs and in the face of economic setbacks. Millions of people most affected by the current economy would disagree with George on how good it is right now.

## HOMELESSNESS AND HUNGER INCREASE AGAIN IN 2003

Since the year 2000, the homeless population in America has increased by approximately 50 per cent. In 2003 the homeless population increased

by approximately 15 per cent on a national average. Every year since 1999 the homeless population has increased by 10–15 per cent. While it is hard to track the total number of homeless, each year at least 5.5 million people experience homelessness at some point.

Since 2000 every major US city has reported an increase in homelessness of 35–50 per cent. Most cities are not able to keep up with the increased demand for services from the increases in the homeless and hungry. Due to budget shortfalls many cities have had to cut back on services such as homeless shelters and housing programs for low-income families, and emergency food centers. The average wait to get in to public-assisted housing was 22–26 months in 2003. Most low-income families have been on the waiting lists for an average of 14 months and are still waiting for adequate housing to become available. It is estimated that an additional 2.3 million people applied for public housing in 2003.

Sixty per cent of all new cases of homelessness are single women with children; 15 per cent of all new homeless cases are families with children. Homeless families comprise 40 per cent of the total homeless population; 41 per cent of the homeless population are single men; 14 per cent are single women; and 5 per cent are unaccompanied minors.

The National Council of Mayors conducts a yearly survey on homelessness and hunger in the US. In 2003 there was a 17 per cent increase in requests for emergency food and a 13 per cent increase in requests for shelter. Eighty-four per cent of reporting cities said they had been unable to meet requests for shelter from families due to lack of resources and had to turn them away.<sup>4</sup>

In 2003 the average length of time a person remained homeless increased. The length of time spent on the streets averaged five months. Lack of affordable housing, low wages and low-paying jobs, loss of employment, and mental illness were the leading causes of homelessness. The number of people experiencing homelessness of more than one year also increased in the last year. Forty-five per cent of the homeless people surveyed said they had been homeless for more than six months; 20 per cent said they had been homeless for over a year (Urban Institute).

In 2003 the number of so-called “precariously housed” has also gone up. The government uses the term to define those who do not have permanent stable housing. Those who are considered precariously housed include people who are sleeping on someone’s couch or floor, or spend part of the month living in a motel room or temporary residence. Often those who work for day labors or temporary agencies fall into this category. Many day labor and temp workers do not always get out to work, so they may only be able to afford a motel room for a few nights

a week. There are millions of people on Social Security and Veterans' pensions who can also be considered to be precariously housed. Many receive a monthly check that is insufficient to cover the whole month's rent and food cost. They usually stay in a motel, or rent a room for a few weeks at a time. Most will spend at least part of the month living outdoors, but they are not counted as being homeless on most surveys. At least 5.3 million people described themselves as precariously housed when applying for food stamps and other forms of public assistance in 2003.

In 2003 hunger and borderline starvation were a rapidly growing problem. The demand for emergency food often could not be met by food banks and hunger relief agencies. Many food banks have reported a 30–60 per cent increase in emergency food requests. I have spoken to many agencies that said they had at least a 25 per cent increase in emergency food requests for 2003, with the biggest demand being in the first six months of the year. Many agencies have reported donations being down 15–20 per cent, while the increased demand for food forced them to cut back on the amount of food handed out.

The government has a nice little term for those facing hunger and malnutrition. They refer to it as being "food insecure." America's Second Harvest says that 35 million Americans are now considered "food insecure" in 2003. This is an increase of two million from 2002. More than 13 million children are now considered "food insecure."

In 2003 one in every four people eating at soup kitchens and feeding centers were children, and 25 per cent of all children experienced hunger at some point during 2003. One in every five children missed at least one meal a day for a significant portion of the year. Sixty-one per cent of low-income households reported that their children had gone hungry at some point in the year. They often reported having to make a choice between paying for utilities and rent or having money to buy food. This is the third year in a row that the number of people facing hunger has increased according to the US Department of Agriculture. The requests for food stamps also increased in 2003 by 23 per cent or 3.3 million new applications.

The Council of Mayors also found a nationwide increase in hunger and requests for emergency food assistance. Twenty of the surveyed cities reported that the increased need for food assistance resulted from lack of good jobs in their local economy. Eleven of the 25 surveyed cities cited the high cost of housing as being directly related to hunger. The 25 surveyed cities reported an average 17 per cent increase in requests for emergency food, 59 per cent of those requesting emergency food were families, 39 per cent requesting food reported that they were employed.

More and more workers facing budget shortfalls are forced to look for emergency food assistance.

“This survey underscores the impact the economy has had on everyday Americans,” said Conference of Mayors President and Hempstead (NY) Mayor James A. Garner.

Fifty-six per cent of surveyed cities reported having to turn away people in need due to lack of resources. Additionally, 15 per cent of requests for food by families went unmet; 88 per cent of cities expect that the demand for emergency food will rise in 2004; 91 per cent expect the requests for food by families to increase; 88 per cent expect requests for emergency shelter to increase; and 80 per cent are expecting increased requests for shelter by homeless families.

“These are not simply statistics,” said Nashville Mayor Bill Purcell, who co-chairs the Conference’s Task Force on Hunger and Homelessness. “These are real people who are hungry and homeless in our cities.”

President Bush claimed that his fiscal year 2004 budget “helps America meet its goals both at home and overseas.” Yet, upon examination of the budget numbers, the goals of many Americans appear not to have been included.

At a time when unprecedented numbers of families and individuals are homeless or at risk of becoming homeless, the president proposed no new resources to meet their needs. His budget maintains funding levels for most homeless assistance programs, levels so woefully inadequate that each year record numbers of people are turned away from life-sustaining services.

In releasing his fiscal year 2004 budget, President Bush claimed that “human compassion cannot be summarized in dollars and cents.” Nor can the untold suffering of the millions of children whose lives will be disrupted by loss of housing and health care this year. You can’t summarize the sorrow of their parents, who struggle against the odds to provide stability and hope. There is also no summarizing the frustration and pain of those who work but cannot afford housing or enough food to avoid hunger.

Winning the “War on Terror” and bringing freedom to Iraq? \$187 billion destined for Iraq, \$120 billion already spent for Iraq, over \$70 billion spent or destined to be spent in Afghanistan. Bush did not even come close to reality when he talked about Iraq, Afghanistan, and the war on terror. He barely mentioned the increased military budget and bleeding of billions into long-term occupation of two countries. He did not even mention the fact that 602 soldiers have died in Afghanistan and Iraq.

More than 1,000 soldiers have died in Iraq, 100 have died in Afghanistan. Over 6,000 Afghani civilians and over 16,000 Iraqi civilians have died since US invasions started. The guerrilla attacks in Iraq and Afghanistan show no signs of letting up in the near future. The intensity and planning of the attacks has increased in the last few months. Bigger bombs and better planned attacks have taken hundreds of lives in the last few months.

The US has already spent over \$120 *billion* on the Iraq war and occupation. Congress has passed the bill to provide an additional \$187 *billion* for the reconstruction and rebuilding of Iraq's infrastructure. Forget the fact that US attacks caused the majority of the damage that must be repaired. Forget the fact that US companies are making billions in profits from the reconstruction contracts.

Don't think about the fact that billions of dollars needed in the US to solve our problems are being funneled away to enrich huge corporations working overseas. Forget all about how much that money could actually benefit the American people if it were spent here to fix our problems.

Bush hopes you will forget those facts and the fact that no weapons of mass destruction have been found and none ever will be found. Unless, of course, the US plants some just before the election. I see it coming, just when Bush needs it the most. Of course, some will accuse me of believing in conspiracies, but just watch what happens.

Bush also tried to infer that we would be out of Iraq in a short time. If you need to figure out what a short amount of time means to the Bush administration, just look at Afghanistan. Two years on and the soldiers are still dying and getting wounded, the Taliban is back in force and guerrilla attacks are on the rise again.

Bush claimed success in Afghanistan, but failed to mention the high cost of invasion and continued occupation. At least \$50 billion has already been spent in Afghanistan with at least another \$20 billion in occupation costs alone for the next year. Bush would like everyone to believe that we will be out of Afghanistan soon. The military has said that it will be another two years or more before Afghanistan can be considered stabilized.

Of course, Bush wants you to forget about the fact that American companies have made billions building US military bases and installations. It's no surprise that Bechtel and Halliburton, along with their combined subsidiaries, have won the majority of contracts in Afghanistan. Many of the other companies that have recently received contracts in Iraq have also profited enormously in Afghanistan.

The projected military budget for 2004 is over \$400 *billion*. The US military budget could actually cost over \$450 billion when the hidden

costs of occupying Iraq and Afghanistan are factored in. Currently, the US is spending over \$7 billion a month in Iraq and \$2 billion a month in Afghanistan.

US CITIZENS CONTINUE TO SUFFER  
WHILE BILLIONS ARE SENT OVERSEAS—  
A FEW SOLUTIONS AND CONCLUSIONS

While the Bush administration wastes resources and expends billions over seas, US citizens continue to sink further into debt and poverty. Bush presented a very positive analysis of the situation. The actual situation you see from examining all the facts is much dimmer and darker. In no way does it resemble any facts Bush expects you to believe about the current state of the union.

If the US spent just three months' occupation costs, it could eradicate hunger and homelessness completely for ten years. However, it does not seem that feeding and sheltering its own citizens has a very high priority. If the US took just 25 per cent of its annual military budget, it could go a long way to wiping out hunger and homelessness around the world. Just 10 per cent of its military budget spent yearly on America's children could give every high school graduate a college education for four years.

It seems that it is not a priority to protect American children from starvation and living on the streets. The US education system is crumbling and the child welfare programs are being slashed mercilessly.

Increasingly in America, private foundations and organizations are stepping in to take up the slack that the government fails to adjust for. Most charities are reporting budget shortfalls due to the government cutting programs that provide their funding and resources.

If this crisis continues, we are in danger of having worse hunger and homelessness than some third world countries experience. The military expansion and occupation must stop so that we can salvage our future. We must do this before it is too late to stop the landslide of poor and starving. We must put our priorities in line with the welfare of all our citizens. We can no longer afford to neglect our people. There must be a reckoning to stop this depriving of anyone their basic needs to exist.

I don't know where Bush got the idea that everything was going great here in America. He obviously gets his facts from a different source than the rest of us.

The true State of the Union shows a nation in crisis with growing poverty, hunger, homelessness, and lack of decent jobs that pay enough to support a family. Our children are the ones that seem to



be paying the highest price, with 60 per cent living in poverty or low-income situations.

How much longer can we ignore these growing problems before it is too late to fix them? Can we really afford to ignore them for even another day?

### NOTES

1. [http://www.nccp.org/pub\\_pel04.html#note1](http://www.nccp.org/pub_pel04.html#note1).
2. <http://www.census.gov/hhes/poverty/poverty02/pov02hi.html>.
3. [http://jec.senate.gov/democrats/charts/ber\\_allcharts.pdf](http://jec.senate.gov/democrats/charts/ber_allcharts.pdf).
4. [http://usmayors.org/uscm/news/press\\_releases/documents/hunger\\_121803.asp](http://usmayors.org/uscm/news/press_releases/documents/hunger_121803.asp).

# Beyond the Texas Oil Patch: The Political Ascendancy of Anti-Environmentalism

*Andrew Austin and Laurel E. Phoenix*

George Bush's approach to environmental matters reflects the political ascendancy of an anti-environmental counter-movement that began in earnest over two decades ago. The counter-movement is a constellation of market practices and political strategies that promotes and legitimates environmental exploitation and destruction. This network encourages development and enactment of pro-industrial legislation and policy and strives to repeal or at least restrain growth of public law and practices that limit the pace and extent of resource depletion and externalization of production costs. Managers and intellectuals concoct anti-environmental strategies in corporate boardrooms and in right-wing think tanks; public relations firms, political elites, and faux grassroots groups disseminate these programs. By distorting the practicality and cost-effectiveness of environmental policy, corporate propagandists endeavor to weaken the environmental movement.

Anti-environmentalism found its civil societal legs in the mid-1970s, benefited from favorable political conditions in the 1980s under US presidents Ronald Reagan and George Bush Sr, and has enjoyed growing political and popular support ever since. Under the presidency of George Bush Jr, anti-environmentalism entered its institutional phase. With the Republican Party in control of the Executive and Legislative Branches of government, anti-environmentalists are systematically transforming formal biospheric policy and practice. Bush is the most anti-environment occupant of the White House since environmentalism became a national priority in the 1960s.

It was during the transition to his presidency that Bush publicly signaled that his White House would embrace the anti-environmental agenda. In December 2000, he nominated Gale Norton for the position

of secretary of the interior, the cabinet-level post directly concerned with conservation and protection of the natural environment. Nominating Norton to this position was an audacious and highly symbolic political move. Norton founded the Council of Republicans for Environmental Advocacy (CREA), an anti-environmental organization comprised of lobbyists for petroleum and automotive industries and bankrolled by major corporations such as Texaco, and their associations—Chemical Manufacturers Association (CMA) and the National Coal Council (NCC). CREA's mission is to put an ecologically friendly face on intensification of resource depletion and environmental degradation.

Norton joined a White House with impressive anti-environmental credentials. Vice President Dick Cheney, Commerce Secretary Don Evans, and National Security Advisor Condoleeza Rice all have strong ties to the energy industry. Indeed, in honor of her service to Chevron, the Board of Directors of that energy giant named a double-hulled tanker *Condoleeza Rice*.

Bush's record in public office in Texas was a harbinger of things to come. In 1996, the director of Texas Natural Resources Conservation Commission (TNRCC) held a meeting with representatives of industry. According to *The New York Times* in November 1999, minutes of the meeting show that a plan to compel outdated plants to upgrade their equipment and reduce emissions was under consideration by state officials. In January 1997, Bush received a memorandum from his environmental policy director, John Howard, informing him, "Industry has expressed concern that the TNRCC is moving too quickly and may rashly seek legislation." Howard recommended that the governor impanel a public task force to develop a voluntary plan for industry. By fall 1997, Bush had announced his Clean Air Responsibility Enterprise Committee (CAREC) and seated an ostensive diversity of business leaders and environmentalists. Unknown to appointed environment advocates, industry appointees had been holding secret meetings several months before the impaneling. Led by the presidents of Exxon and Marathon Oil presidents, the meetings produced a proposal adopted in advance by the petrochemical companies. The plan advocated a voluntary program of compliance to state pollution standards. When CAREC met, industry representatives informed members of the plan. There was very little deliberation. Bush imposed his designs on hapless Texans.

Such practices were not deviations from the norm but reflected standard Bush practices. In his 1994 campaign for governor, he attacked the Endangered Species Act for harming landowners. Echoing core values of the extremist property rights crowd, Bush publicly and

emphatically stated his concern over any government action “that has even the potential to impact the use of private property.” Putting his values into practice, Bush opposed federal intervention to protect the Barton Springs salamander because it would restrict economic development in Austin, Texas. In 1995, Bush and the Texas legislature overturned the \$130 million vehicle emissions testing system. That same year Bush signed into law a bill allowing corporations to perform self-audits for environmental violations. Under terms of the law, a company discovering it had violated the law could report the violation without fear of penalty or public scrutiny if it presented a clean-up plan to the authorities. Polluting companies also enjoyed protection from punishment under the blanket of Bush’s “accidental releases” exception. As a result of these policies, Houston pushed ahead of Los Angeles to become the metropolitan area with the most days of ozone standard violations in 1999 (ozone is the chief component of smog). Shockingly, *all* of the 25 highest ozone measurements recorded in the United States during 1999 occurred in Texas. Under Bush, Texas had the highest levels of air-borne carcinogens, and the greatest releases of toxins into the air, water, and soil in the US. One reason Bush lost the popular vote in the November 2000 presidential race was widespread public fear that the hell of Houston would descend upon the rest of the country.

His lack of a popular mandate notwithstanding, President Bush wasted little time setting in motion his Texas-style environmental policy at the national level. Almost overnight, the worst fears of environmentalists became reality. On the home front, Bush reneged on his campaign pledge to force power plants to cut carbon dioxide emissions, declined to fully implement and enforce Clinton-era bans on logging and road building in national forests, rejected the new standard for arsenic in drinking water the Clinton administration had established (albeit a wave of negative publicity forced Bush to reverse himself), and pushed for the federal government to open up the Arctic National Wildlife Reserve (ANWR) to oil drilling (something his father pushed hard for in 1991). At the international level, echoing Bush Sr’s position at the 1992 Earth Summit in Rio that economic growth is “the friend of the environment” and that “the American way of life is not negotiable,” Bush Jr cited the economy as the reason why he was pulling the United States out of the landmark Kyoto Protocol on global warming in March 2001.

In a disturbingly calculating move, Bush exploited the 9/11 tragedy to intensify his domestic assault on the environment, switching tactics from low-intensity ideological warfare to open political war. The administration unashamedly used the Executive Branch’s regulatory

power either to roll back or attempt to remove restrictions on snowmobiles in national parks, road construction in national forests, destruction of wetlands, and mining metals and minerals on public lands. Bush approved such measures as a timber salvage operation in Bitterroot National Forest. The administration not only recognized that environmentalists would be reticent to challenge the president under wartime conditions, but the White House actively used 9/11 to intimidate dissenters.

This chapter analyzes Bush's politics of ecology and the anti-environmental countermovement of which those politics are an expression. The chapter is in two sections. In the first, we theorize the structural and countermovement basis of anti-environmental politics, arguing that the resource and production needs of the capitalist economy provide the ground both for pro-environmental resistance to the consequences of resource depletion, industrial production, and mass consumerism and for the emergence of the countermovement to stifle industrial reform and limits on growth. In the second section, we examine Bush's anti-environmental network, its principal actors, their policy agendas, and the way in which the Bush administration serves as a conduit through which countermovement politics flow.

### ANTI-ENVIRONMENTAL STRUCTURE AND COUNTERMOVEMENT

We define "anti-environmentalism" as a body of ideological and political practices calculated to promote capitalist accumulation, manage the fallout from industrial production and mass consumption, and roll back environmental protections and regulations. Such practices are anti-environmental for two reasons. First, anti-environmentalism is a reaction to the successes of organized environmentalism. Since the mid-1960s, the environmental movement has made significant inroads into curtailing excesses of industrial production. Accompanying this progress is a popular environmental consciousness that achieved broad consensus during the 1970s and 1980s. Anti-environmentalists strive to limit effectiveness of pro-environmental politics. Because of this conservative and retrogressive character, we have designated anti-environmentalism as a "countermovement," defined by Tahi Mottl as "a conscious, collective, organized attempt to resist or reverse social change."<sup>1</sup> Secondly, expanding production and markets and rolling back pro-environmental policy inevitably has detrimental effects on ecosystems. In this sense, anti-environmentalism exists in objective opposition to the integrity of the biosphere of which human beings

are a part. This recognition links human interests to protection of the natural environment. In the end, permitting environmental damage is against the Constitution as well as against the Universal Declaration of Human Rights' basic provision for personal inviolability.

Anti-environmental politics occur in a network of corporations, think tanks, grassroots groups, and public relations firms. Elements of this formation have been in existence for decades. The right-wing think tanks, such as the Heritage Foundation and American Enterprise Institute, that play a central role in manufacturing anti-environmental propaganda emerged in the early 1970s after business leaders held a series of meetings that centered on their belief that there was an ideological imbalance in scientific production. Scientists working in academic settings were arriving at conclusions that often put industrial capitalism in a poor light. As Lyons records, an "emerging business coalition channeled hundreds of millions of dollars into the array of New Right lobbies, think tanks, media organizations, legal centers, political action committees, and other organs pursuing their overall agenda."<sup>2</sup> Corporate elites focused on derailing the regulatory culture and blunting movements for environmental justice. The countermovement enjoyed favorable political conditions in the 1980s under conservative Republican presidents Reagan and Bush Sr. The Republican takeover of Congress in 1994 was a victory for anti-environmentalists. Congressional control, coupled with the ideological dedication of the Bush administration in 2001, provided anti-environmentalists with a platform to pursue their politics in a formal capacity.

The objective reality of capitalism's impact on the ecosystem complicates the ambitions of the cult of growth. Expanding the scope of production exhausts environmental assets. Such ecological impacts arouse public concern—the majority still identifies itself as pro-environmental—and popular disquiet provides the motive for anti-environmental politics. Corporate propagandists and their associates must strive to assure the public that capitalism's footprint is small and manageable and that other natural or artificial resources will offset depletion of natural stores.

Another structural feature of capitalism is externalizing production costs. With the profit motive impelling capitalists and their managers constantly to rationalize production, firms search for and find ways to push undesirable results of industrial production onto the public. This results in toxic gases and particles being released into the atmosphere and volatile wastes pumped into the water supply, causing health impacts, for example through contamination of the food chain. An essential feature of the externalization problem is denial of responsibility for

environmental degradation and public health risks caused by industrial practices. This permits perpetuation of social and environmental harm without the appearance of intentionality.

Although owners and managers arrange for by-products of production to fall disproportionately upon the powerless and impoverished, affluent constituencies and patrons are affected and do complain and protest. One reaction is the NIMBY (“not-in-my-back-yard”) phenomenon, in which citizens are not concerned about the hazards of waste as long as dumps are not located in their neighborhoods. Nevertheless, the public periodically demands that corporations clean up their mess wherever the mess is located. Moreover, the public expects government will act. Widespread movement on the part of the public and government to regulate business requires corporations to restrain and undermine the regulatory process and convince people that it is to their detriment to constrain business further.

## BUSH AND THE ANTI-ENVIRONMENTAL NETWORK

The administration has implemented, or moved to implement, numerous policies harmful to people and the natural environment. Bush rolled back previous administration efforts to reduce arsenic in drinking water, broke a campaign pledge to cut carbon dioxide levels, and promoted oil exploration in Alaska’s Arctic National Wildlife Refuge. Bush moved to lift regulations on federal surface mines and rules restricting development on 60 million acres of national forest. The most crucial policy changes were the administration’s rejection of the Kyoto Protocol, an accord signed by the United States that would have obliged industrialized nations to reduce emissions of greenhouse gases, and rejection of the United Nation’s Convention on Biological Diversity. We have selected two controversies for closer examination: Bush’s scrapping of the Kyoto Protocol, and the government’s attempt to open up the Alaska National Wildlife Refuge to oil companies.

## KILLING KYOTO: BUSH DISPUTES GLOBAL WARMING

In a June 11, 2001 speech, Bush said that the well-being of the earth is “important to America—and it’s an issue that should be important to every nation and in every part of the world.” He reassured the public that his White House shared their concern about global warming, renamed (less ominously) “climate change” by his administration. “My administration is committed to a leadership role on the issue of climate

change,” he averred. “We recognize our responsibility and we will meet it, at home, in our hemisphere, and in the world.”<sup>3</sup>

However, Bush’s words were plainly at odds with his actions before and after the speech. In March 2001, the Bush administration announced it would not participate in the 1997 Kyoto Protocol requiring reduction of greenhouse gas emissions generated by industrialized countries, despite the fact that most other countries had signed the agreement. Indeed, the only developed country that had yet to sign at the time the United States pulled out was Russia. Despite the pullout of the United States, Russia has agreed to sign, so ratification can now proceed. Bush’s refusal to honor the commitment the US had made to the Kyoto Protocol in 1997 has understandably been met with chagrin by many if not most people in the international community. The United States contributes more than 25 per cent of the world’s global warming emissions, so bringing the United States into the fold was of paramount importance.

Killing Kyoto was an early sign that the Bush campaign pledge to regulate and reduce carbon dioxide emissions from power plants was meant to be broken. Bush advanced three arguments to explain why it was necessary to back out of emissions regulations.

(1), The administration claims that, despite studies that show otherwise, carbon dioxide (CO<sub>2</sub>) regulation would be too costly for industry. The president warns Americans that the resulting energy crisis would drive up electricity rates.

(2), Bush maintains that CO<sub>2</sub> is not listed in the Clean Air Act as a pollutant; therefore the government has no requirement to control it. Yet CO<sub>2</sub> is listed in section 103(g) as one of the pollutants generated by power plants mandated by Congress to be incorporated in pollution prevention programs. Thus Bush’s appeal to technicality is not factually sound. The Environmental Protection Agency (EPA) under Bush announced that it had no authority to regulate CO<sub>2</sub> or other greenhouse emissions. Under the Clinton administration, EPA policy was that greenhouse gases could be regulated if the agency could demonstrate that they negatively affect human welfare. Research demonstrating harmful effects of greenhouse gases has been conducted, albeit not by the EPA. Although the EPA has the authority to undertake climate change research, it is unlikely given their position that they will initiate CO<sub>2</sub> research. The current General Counsel of the EPA argues that Congress will have to give the agency a direct mandate to regulate greenhouse gases. Given that Republicans have control over both congressional houses, it is virtually assured Congress will not mandate this.



(3) According to Bush, scientists have not yet adequately demonstrated that human activity is causing global warming. This assertion, frequently made by the representatives of big polluters, ignores years of research collected by the UN Intergovernmental Panel on Climate Change (IPCC) showing otherwise. The IPCC's approximately 2,500 scientists have concluded that the collective activities of humans "have increased the atmospheric concentrations of greenhouse gases and aerosols since the pre-industrial era." Moreover, the data they have collected paints "a collective picture of a warming world and other changes in the climate system."<sup>4</sup> The Bush camp pays a great deal of lip service to the importance of "sound science," yet it strives to undermine scientific consensus on global warming.

In May 2001, the White House requested that the National Academy of Sciences (NAS) identify significant certainties and uncertainties in climate change science and determine any substantive differences between IPCC reports and IPCC summaries.<sup>5</sup> After studying the matter, the NAS concurred with the IPCC, stating, "The IPCC's conclusion that most of the observed warming of the last 50 years is likely to have been due to the increase in greenhouse gas concentrations accurately reflects the current thinking of the scientific community on this issue."<sup>6</sup> A more recent NAS report, *Abrupt Climate Change: Inevitable Surprises*, published in 2002 strengthens their earlier findings, warning that "greenhouse warming and other human alterations of the earth system may increase the possibility of large, abrupt, and unwelcome regional or global climatic events."<sup>7</sup> Despite the reports, produced at administration request, Bush promotes a greenhouse emissions policy that actually *increases* emissions.

Consistent with his approach in Texas, Bush's global warming initiative relies on voluntary industry compliance to reduce emissions through his "Climate Leaders" program. The president says his voluntary CO<sub>2</sub> reduction targets are on par with other industrialized countries. Yet these voluntary reductions, if achieved, would be roughly 30 per cent greater than 1990 emissions levels. The Bush standard substantially deviates from those of other developed countries committed to achieving the 1990 levels mandated by the Rio Treaty. The National Wildlife Federation (NWF) analyzed Department of Energy data and found that Bush's plan uses an emissions intensity test, that is the formula greenhouse gases emitted divided by dollar of economic output, rather than the standard emissions levels test. The emissions intensity test is used because it masks higher emissions that will inevitably result from implementation of his plan. Bush's plan would increase greenhouse gas emissions by 14 per cent over the next ten years. The Pew Center

on Global Climate Change issued a report that explored several scenarios to demonstrate that voluntary emission targets would not lower emissions. In any case, Bush's voluntary targets make little sense considering that his policy calls for 79 million *more* tons of coal to be burned between 2002 and 2020. Moreover, roughly only 5 per cent of these industries have signed up for Climate Leaders, suggesting that voluntary compliance is ineffective regulatory policy.

Bush's approach to anti-environmentalism is highly manipulative. In 1990, Congress required that a research plan on climate change be developed. Neither the Bush Sr nor the Clinton administrations had implemented the law. Bush cynically used the Congressional mandate to develop the US Climate Change Science Program (CCSP) to delay global warming regulations for several more years as well as shape research in industry-friendly directions. Officials at CCSP are skeptical of international consensus that global warming is the result of burning fossil fuels. When the White House asked the NAS to review its proposed CCSP Strategic Plan in February 2002, a panel of 17 experts heavily criticized the document. They reported that the Bush draft plan on climate change is poor, not realistically funded, and ignores contemporary consensus among climate experts that there is a significant human contribution to global warming. "The draft plan lacks most of the basic elements of a strategic plan," NAS wrote in a damning judgment: "a guiding vision, executable goals, clear timetables and criteria for measuring progress, an assessment of whether existing programs are capable of meeting these goals, explicit prioritization and a management plan."<sup>8</sup> Although the plan expects research to be conducted by many government agencies, it does not prioritize elements of the plan, nor is the plan likely to be adequately funded with so many agencies receiving budget cuts.

The final CCSP plan was published on July 24, 2003. The research focuses on historical trends of climate change, risk analysis, how to adapt to global warming, reducing predictive uncertainties, and accurately measuring factors of global warming, emphasizing *natural* sources of greenhouse gases. Since the Executive Branch now has Bush appointees in every participating agency, it is likely that results of this research program will support the Bush thesis that there is not enough evidence of anthropogenic forces to reform industrial production. In other words, there is too much "uncertainty." Bush's CCSP needlessly advocates years of further research to belabor already answered questions—namely, whether there is global warming and whether it has a human source—to magnify the inability of the scientific community to claim absolute measurements or perfect certainty about phenomena under study, to

set the stage for how risk analysis on global warming will correspond to a predetermined “low-risk” outcome, and ultimately to leave us with guidelines for how to adapt to the inevitable.

The Bush administration is sometimes tripped up by its incompetence. For instance, the State Department’s *US Climate Action Report 2002*,<sup>9</sup> which states that humans contribute to global warming, was posted on the EPA website May 31, 2002. To prevent any more conflicting information on global warming from invalidating the Bush initiative, an entire chapter on global warming was deleted from the EPA’s annual air pollution report (*Latest Findings on National Air Quality: 2001 Status and Trends*). An internal EPA memo discussed options for dealing with the edits by the Council on Environmental Quality (CEQ) and Office of Management and Budget (OMB), noting that the edited document no longer dealt with how human health and the environment can be affected by global warming and does not acknowledge scientific consensus on this issue. The memo discusses how to maintain EPA and White House relations while still publishing the report for public consumption.<sup>10</sup>

On the world stage, Bush moved in April 2002 to oust the chair of the IPCC at the behest of industry. Energy interests pressured the White House to remove Dr Robert Watson when his term expired because he openly discusses the link between global warming and the burning of fossil fuels. Exxon Mobil wrote to the White House specifically asking for Watson’s replacement.<sup>11</sup> The Exxon memorandum was obtained under the Freedom of Information Act from the CEQ at the request of the Natural Resources Defense Council (NRDC). It can be assumed that other branches of the government also received communications of this kind pressing for a new chair. Watson, a highly respected American atmospheric scientist had, as chair of the IPCC for five years, directed three studies of global climate written by roughly 2,500 scientists from over 100 countries. The IPCC studies unambiguously state that global warming of the last 50 years does indeed have human sources. Since the findings of this panel are used as the scientific basis for international negotiations, such as the Kyoto Protocol, and are referred to by American climate scientists, IPCC findings contradict both industry and White House interests.

The person whom the United States nominated and who was finally seated as chair of the IPCC is Dr Rajendra Pachauri. Pachauri is not an atmospheric scientist; he is an engineer-economist and an outspoken critic of the divide between developing and developed countries. According to the *Guardian*, the United States campaigned to encourage African and other developing countries to vote for Pachauri. The vote

was 76 for Dr Pachauri and 49 for Dr Watson. The Bush administration craftily exploited anti-Western sentiment and the demand of client states in peripheral countries for lax pollution controls (to attract foreign investment) to enhance its capability to shirk its duty to reduce greenhouse emissions.

Skepticism about global warming, while surprising to many people outside the United States, is a cottage industry in America. Conservative think tanks such as the Heritage Foundation and the American Enterprise Institute dedicate a great deal of energy to manufacturing pseudoscience denying global warming, its anthropogenic origins, or both. The Cato Institute has been at the forefront in generating anti-environmental literature. Their leading scholar on climate change, Patrick Michaels, avers that global warming models are false and that in any case only unfettered capitalism can manage resource depletion and pollution. His advocacy for voluntary compliance and free market solutions forms much of Bush's rhetoric on environmental policy. Conservative foundations such as the Koch Family Foundation, and major energy and chemical corporations including Amoco, Arco, and Dow Chemical, fund his work. Another Cato Institute associate, Fred Singer, a former scientist for the United States Transportation Department, and his organization, the Science and Environmental Policy Project (SEPP), also denies global warming. Major corporations such as Monsanto, Texaco, Arco, Exxon, Shell, Sun Oil, and Unocal, and conservative foundations such as Bradley, Forbes, and Smith Richardson, fund Singer and SEPP's research. Singer associates with several other anti-environmental organizations such as the Advancement of Sound Science Coalition (ASSC), the American Council on Science and Health (ACSH), and the Environmental Conservation Organization (ECO).

ECO, founded by Henry Lamb in 1990, ties together hundreds of wise use groups raising group consciousness through its magazine, *Ecologic*. One of Lamb's projects is Sovereignty International Inc. (SII). SII attacks UN environmental initiatives such as the Convention on Biological Diversity, Framework Convention on Climate Change, Man and the Biosphere Project, and World Heritage Treaty. Intellectuals working in SII advance a theory that UN environmental regulations are part of a cabal to establish one world government. Another associate of ECO, Hugh Ellsaesser, a meteorologist at California's Lawrence Livermore nuclear laboratory, dedicated a great deal of time to derailing the climate change treaty negotiated in Kyoto. Ellsaesser is the science advisor to the 21st Century Science Associates, a group established by the LaRouche organization. He is also associated with ASSC and the Committee for a Constructive Tomorrow (CFACT). The nuclear

power industry, the US Council on Energy Awareness, and the Carthage Foundation fund, CFACT. CFACT and other Ellsaesser organizations such as the National Consumer Coalition and Consumer Alert link to right-wing think tanks such as the Competitive Enterprise Institute. Major corporations and organizations, such as American Cyanamid, CMA, Chevron, Monsanto and Philip Morris fund Consumer Alert. The George C. Marshall Institute funded by the Scaife and Bradley Foundations was a leader in attacking the 1995 UN Intergovernmental Panel on Climate Change.

The public relations cell Global Climate Coalition (GCC) was one of the most influential players working this front. We emphasize the past tense here because Ruder Finn has dissolved GCC while maintaining its public presence. Ruder Finn is a Washington public relations firm representing auto, coal, and gas corporations. They created GCC in 1996, characterizing it as “an organization of private companies and business trade associations” representing “more than 230,000 firms.” Ruder Finn “deactivated” GCC because, according to its website, “The industry voice on climate change has served its purpose by contributing to a new national approach to global warming.” The full statement presented on their website is instructive:

The Bush administration will soon announce a climate policy that is expected to rely on the development of new technologies to reduce greenhouse emissions, a concept strongly supported by the GCC. The coalition also opposed Senate ratification of the Kyoto Protocol that would assign such stringent targets for lowering greenhouse gas emissions that economic growth in the US would be severely hampered and energy prices for consumers would skyrocket. The GCC also opposed the treaty because it does not require the largest developing countries to make cuts in their emissions. At this point, both Congress and the Administration agree that the U.S. should not accept the mandatory cuts in emissions required by the protocol.

There is considerable understanding outside the United States of the sources of Bush’s climate change rhetoric. *The Irish Times*, after noting Bush’s “shameless U-turn” and quoting standard Bush rhetoric—“given the incomplete state of scientific knowledge of the causes of, and solutions to, global climate change”—notes that Bush “was faithfully repeating a tired old line trotted out by the Global Climate Coalition, which opposes the Kyoto process.” The GCC “will no doubt be delighted to welcome such a powerful recruit to its cause.”<sup>12</sup> Bush’s argument that Kyoto would cost each American \$2,000 in higher fuel

costs can be traced to rhetoric developed by GCC who represented energy interests like Peabody Coal and Western Fuels Association (coal-fired plants generate more than half of the electric power in the United States). In an interview on the US Public Broadcasting System's news show, *NewsHour*, the CEO of Western Fuels Association argued that the earth is coming out of a "mini-ice age," and this explains global warming. As Palmer put it, "warm is good; ice ages are bad." Internal documents show that GCC's goal is to transform global warming from a "fact" into a "theory." The British newspaper *Observer* notes, "The origins of this extremely powerful, well-funded lobbying group predate Kyoto and can be traced to when George Bush Senior was President, a man who promised to 'counter the greenhouse effect with the White House effect' and then spurned the 1992 environmental summit in Rio de Janeiro."<sup>13</sup>

One role of energy industry groups is to keep Bush administration officials on track with Bush's position. Before Bush sacked her, the National Mining Association (NMA) was critical of EPA director Christine Todd Whitman's honesty concerning global warming. NMA representative John Grasser publicly wondered whether the administration wanted "to throw this out in advance of further international negotiations." The implication was that an admission by the administration that the earth's climate was heating up would weaken the president's position in negotiating the terms of the agreement. The GCC also weighed in on Whitman's frank comments. GCC spokesperson Glenn Kelly noted that Whitman's statements contradicted Bush's desire to see increased domestic energy production. "You have a fundamental disconnect if you're going to be pursuing an energy policy that relies on [coal] on the one hand and a regulatory strategy that puts an unrealistic cap on carbon emissions on the other," he said.<sup>14</sup> Another GCC spokesperson said, "We thought there was an inconsistency in regulating carbon dioxide and pursuing the energy policy they were going to pursue." Reacting to Bush's decision not to regulate carbon dioxide emissions, he remarked, "This is finally a good piece of news."<sup>15</sup>

### THE HOLY GRAIL: DRILLING IN THE ARCTIC NATIONAL WILDLIFE REFUGE

The Arctic National Wildlife Refuge (ANWR) has been called "America's Serengeti." Situated on the northeastern shores of Alaska, ANWR was established by an Act of Congress in 1960. The 1980 Alaska Lands Act expanded the refuge to preserve 19 million acres

of Alaska. Today, some 130,000 Porcupine Caribou migrate across ANWR. The caribou provide food and clothing for the Gwich'in and the Inupiat peoples. One hundred and thirty-five species of birds are known to live in ANWR. Eight years after the refuge was founded, explorers discovered the Western Hemisphere's biggest oil deposits on Alaska's North Slope. Drilling began and a pipeline was constructed to deliver oil to the continental United States. The only part of the oil-rich North Slope never opened to drilling was ANWR. Industry and the Bush administration would like to change this.

Significant pressure to develop the 607,030 hectare coastal plain of ANWR first gathered when the 1980 Alaska Lands Act sanctioned studies of the potential for oil and gas in the refuge's coastal plain, designated as the "1002 Area." Surface geological, aeromagnetic, and seismic surveys were conducted as well as some limited exploratory drilling in the mid-1980s. At the time, the United States Geological Survey (USGS) estimated that ANWR held 17 billion barrels of oil and 34 trillion cubic feet of natural gas. In 1987, the Department of Interior estimated that ANWR contained between 4.8 billion to 29.4 billion barrels with at least 600 million and possibly 9.2 billion barrels of recoverable oil. Interior reported that more than two dozen sites had been identified as promising, some fields possibly containing as much as 500 million or more barrels of oil. In 1991, George Bush Sr pressed Congress to open ANWR to oil and gas drilling, but Congress derailed his campaign. The issue was effectively dead during the Clinton presidency. However, Bush Jr quickly resurrected the idea urging Congress to permit drilling in ANWR on 20 January 2001. He characterized development of the coastal plain as a necessary step for the United States to free itself from dependency on Middle Eastern oil.

Despite reports in 1995 and 1997 by the US Fish and Wildlife Service (FWS) that drilling would harm wildlife in the refuge, Secretary Norton has lobbied actively for drilling operations there. She has gone to great lengths to carefully shape the information coming out of her office concerning the refuge. A gag order was emplaced on Alaskan FWS employees in March 2002 which prevented them from talking publicly about ANWR without first getting clearance from their public relations office. When a twelve-year study by the USGS came out in April 2002 stating that drilling in ANWR would significantly hurt caribou, snow geese, musk oxen, and polar bears, Norton's staff produced a two-page report that reversed the findings of the earlier document. The new report claimed that there would be no harm to wildlife from drilling. On at least

one occasion Norton lied to Congress about the effects of drilling on caribou, then later blamed her mendacity on a typographical error.

Other members of the Bush administration have similarly involved themselves in the quest to drill in ANWR. Deputy Interior Secretary J. Steven Griles, a former coal and oil industry lobbyist, confessed at a Senate hearing on February 25, 2003 that his greatest wish was to drill in the refuge. However, Griles' associations and practices have caused him some troubles. He is currently under investigation by the Department of Interior's Inspector General for possible ethics violations. Allegedly, Griles attended some 14 meetings where two former clients of his, energy giants Chevron and Shell, benefited from inside information concerning offshore oil and gas leases. This looks particularly bad since, because of the obvious appearance of a conflict of interest, Griles had signed a statement of recusal preventing him from participating in any negotiations involving his former clients. On February 26, 2003, interior assistant secretary for Land and Minerals Management, Rebecca Watson, who formerly served as attorney for mining and logging companies urged the oil industry group Commonwealth North to make its voice heard concerning drilling in ANWR. So far, she argued, the public was only hearing the environmentalists' stance on the issue. It was time for the industry to stand up for itself.

There are several substantial problems with opening ANWR to drilling. First, industry and White House predictions concerning the amount of oil the United States would gain from drilling in the refuge are unrealistic. They cite early USGS estimates of how many barrels of oil lie beneath the ground of ANWR. However, the USGS has since determined that there is a 5 per cent chance of this much oil actually existing there and that much of the oil would not be economically recoverable. Second, if the US tapped the USGS estimate of 3.2 billion usable barrels—a mere six months' worth of oil (assuming current US demand of 19.6 million barrels a day)—it would take ten years before oil would start flowing and another 50 years to extract the oil (lower estimates put the amount of oil there at around two billion barrels, or enough for 100 days' oil consumption). Third, NRDC argues that there is no need to develop ANWR since there is a further 40 years' production expected from the North Slope and Prudhoe Bay, with over 5 billion more barrels expected by 2020 from Prudhoe Bay and another 15–20 billion barrels in the Sak oilfield that has yet to be tapped. (The Prudhoe Bay oilfield is a deep deposit of oil that lies directly below the Sak oilfield. An impermeable layer of bedrock separates them. Drillers tapped the lower Prudhoe Bay oilfield first because it would yield more



oil, assuming they would move to the more shallow Sak oilfield once the lower oilfield was depleted.)

Fourth, although the intent of establishing a refuge is to protect habitat for wildlife the FWS sometimes allows oil drilling, grazing, farming, and logging on these properties. Technically, such activities are allowed only if they do not negatively affect wildlife. However, this has not been the case in practice and environmental groups have tried unsuccessfully for years to convince Congress to ban such activities. The General Accounting Office (GAO) released a report on September 23, 2003 revealing the widely varying environmental safeguards among those refuges that allow oil drilling. One fourth of the 575 refuges allow oil and gas drilling. The GAO sampled 16 of these sites and found strong environmental safeguards in place in some, while finding large-scale spills with negative consequences for habitat and wildlife in others. In addition, some refuges lack managers with the training and resources necessary to oversee oil and gas operations adequately. They are also unable to charge mitigation fees to cover the cost of environmental compliance. Some refuges suffer from poor oversight and some lack enforcement. Poor record-keeping in the Department of the Interior means the full extent of oil spills is unknown; however, the GAO was able to estimate that there were at least 348 spills in refuges during 2002.

At the time of writing (September 2004), Congress is struggling to develop an energy bill that can win Congressional approval. One bill, stripped of the ANWR provision, failed to pass the Senate at the end of 2003, but Congressional supporters and Arctic Power lobbyists will continue to press for opening ANWR. In the meantime, more leases *near* ANWR have been given by the administration. Whether government opens ANWR to big energy interests remains an open question. However, this much is known for sure: opening the refuge to oil production will not free the United States from dependency on Middle Eastern oil. Ultimately, to resolve America's energy dependence on foreign sources and to meet future energy demands the United States must adopt alternatives to fossil fuels.

Petroleum is at the forefront of the push into ANWR. Big oil's counterattack emerged after a couple of thousand oilmen organized by the American Petroleum Institute (API) of Washington DC met in Houston, Texas in 1991 to plan a public relations offensive. Leading the offensive is Arctic Power, an Anchorage-based industry front organization created in 1992 which has portrayed itself as an amalgam of "grassroots" groups, 10,000 members strong. Arctic Power weaves together several business lobbies and associations including Alaska

Support Industry Alliance, Alaska State Chamber of Commerce Resource Development Council, Alaska Trucking Association, Alaska Oil & Gas Association, Anchorage Chamber of Commerce, Alaska Miner's Association, and the Alaska Forest Association. They received a crucial endorsement from Alaska's governor and state legislature and work closely with the state government to influence the federal government.

The anti-environmentalists have been surprisingly effective in gaining bipartisan support for drilling. When House Republicans passed the current energy bill 38 Democrats joined them. What moved these Democrats was, in part, strong support for drilling in ANWR among prominent labor unions. The unions were told that drilling would create about three-quarters of a million new jobs. Alaska's Senator Murkowski, ranking member of the Energy and Natural Resources Committee, has cited this figure in his speeches. Arctic Power has pushed the figure. This bogus number is in fact over a decade old and comes from a 1990 Wharton Econometric Forecasting Association report purchased by the American Petroleum Institute. Wielding this jobs figure, administration officials led by Dick Cheney met with the leaders of around two dozen labor unions including the Teamsters and convinced them to join with Arctic Power and push for drilling in ANWR. A coalition emerged from these meetings called "Jobs Power: Americans for Energy Employment," a PR slogan developed by Arctic Power.

Some have argued (Princeton economist Paul Krugman, for example) that the push to open up ANWR to development is not so much about oil as it is about winning a symbolic victory over environmentalism. ANWR is thus analogous to efforts to permit snowmobiles in Yellowstone National Park. Of course, oil companies also support Bush's energy bill because of the billions of dollars in tax breaks and subsidies it promises. But if drilling in ANWR is desired for a victory in the struggle over symbolic politics, then the ideological goals of anti-environmentalism are clarified. A high-ranking member of Congress has admitted that a symbolic victory is what is driving the quest. Tom Delay confessed that opening ANWR was about precedent. He sees ANWR as the test to see whether energy exploration will be permitted in other sensitive areas.

#### CONCLUSION: A PATTERN OF DECEIT AND A DETERMINED COUNTERMOVEMENT

Early in 2001, President Bush created an energy task force, the National Energy Policy Development Group (NEPDG), to develop energy policy,

and appointed Vice President Dick Cheney to the chair. Because of public concern with Bush and Cheney's ties to energy-related industries and the lack of transparency regarding what the task force was doing, groups in and out of Congress started agitating for an investigation into the degree of "assistance" the task force was getting from industry.

At the request of Congress, GAO, which investigates the Executive Branch, asked Cheney for documents related to task force activities to determine who was on the task force and the character of the discussions. Cheney refused, citing "executive privilege." GAO then went to court to force the White House to release the documents. This was the first time in its 81 years' existence that GAO has resorted to the court to obtain documents from the government. In December 2002, a federal district court ruled that GAO could not demand information about who met with Cheney's task force. GAO, under pressure from congressional Republicans who controlled both Houses of Congress, dropped the lawsuit in February 2003 and did not pursue an appeal. In 2001, Judicial Watch, a watchdog group, and Sierra Club filed lawsuits (later joined by others) to obtain task force documents. The district court ordered Cheney to release the documents. The Justice Department defending Cheney and the Bush administration lost an appeal in the Court of Appeals for the DC circuit. Cheney now has the US Department of Justice bringing an appeal to the Supreme Court to intervene and overturn the lower court's mandate to make full discovery of all related documents to NEPDG. The Supreme Court's acceptance now means the case will not be heard until summer or fall 2004, effectively delaying further discovery until the next presidential election.

In April 2001, the NRDC requested task force documents under the Freedom of Information Act (FOIA) which the White House refused to release. NRDC went to federal court and the judge compelled the Bush administration to provide these documents. Only the Energy Department complied. After March 2002, NRDC received 13,500 pages, many blank or missing key sentences; 16,000 more pages were not released to the NRDC. Despite heavy censoring of documents a strong industry connection to the task force was clearly evident. Indeed, a March 2001 America Petroleum Institute document was uncovered that dictated wording of an executive order issued two months later.<sup>16</sup>

GAO published a report in August 2003 on Cheney's task force exposing what it was. However, GAO was constrained as to the detail it could provide about the policy-making process.<sup>17</sup> We know that a long list of non-federal entities met with the vice president, secretary of energy, administrators and managers of EPA and the secretary of the interior and staff to discuss energy policy and proffer desired executive

orders and rule changes. However, official task force members could not remember if minutes or rosters of attendees were kept at official NEPDG meetings. Although it is clear that the National Energy Policy report written by the task force is a wish-list for the oil, coal, natural gas, nuclear, and electricity industries, the administration continues to insist on keeping its NEPDG deliberations secret. Because of White House refusal to cooperate with authorities GAO was forced to admit for the first time inability to produce a comprehensive auditing analysis of official executive branch practices.

Cheney's task force continues Bush's Texas strategy. Behind these tactics is a countermovement moving with the speed of a natural force. To successfully oppose popular environmentalism an alliance of right-wing groups has emerged with an effective line of attack to secure legitimacy for short-sighted self-interests. At the formal political level, George W. Bush's presidency represents the culmination of decades of capitalist organizing. Corporate-funded think tanks produce propaganda masquerading as science designed to justify destruction of the environment and resource depletion. Pro-capitalist strategists and corporate lobbyists work in and near government to thwart environmental legislation and regulatory policy. The public relations industry promotes environmentally friendly images of industrial production and counteracts negative portrayals of corporate practices via sophisticated mass-mediated tactics. At local levels, corporations support and direct anti-environmental campaigns. Thus grassroots organizations serving as industry fronts give the countermovement the appearance of popular support. Corporations deploy strategies to destabilize national, regional, and community-based environmental activities. Ultra-conservatives have co-opted elements of the environmental movement by taking advantage of the decline in the influence of mainstream environmental organizations and their intrinsic weaknesses as essentially reformist organizations. The countermovement has coalesced under the Bush banner. Indeed, anti-environmentalists could not have dreamed up a more dedicated advocate for their goals than President Bush.

## NOTES

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**Part III**  
**The World Hegemon**



# 9

## Wars of Terror

*Noam Chomsky*

It is widely argued that the September 11 terrorist attacks have changed the world dramatically, that nothing will be the same as the world enters into a new and frightening “age of terror”—the title of a collection of essays by Yale University scholars and others, which regards the anthrax attack in the United States as even more ominous.<sup>1</sup>

It had been recognized for some time that with new technology, the industrial powers would probably lose their virtual monopoly of violence, retaining only an enormous preponderance. Well before 9/11, technical studies had concluded that “a well-planned operation to smuggle WMD into the United States would have at least a 90 percent probability of success—much higher than ICBM delivery even in the absence of [National Missile Defense].” That has become “America’s Achilles Heel,” a study with that title concluded several years ago. Surely the dangers were evident after the 1993 attempt to blow up the World Trade Center, which came close to succeeding along with much more ambitious plans, and might have killed tens of thousands of people with better planning, the World Trade Center building engineers reported.<sup>2</sup>

On September 11, the threats were realized, with “wickedness and awesome cruelty,” to recall Robert Fisk’s memorable words, capturing the world reaction of shock and horror, and sympathy for the innocent victims. For the first time in modern history, Europe and its offshoots were subjected, on home soil, to atrocities of the kind that are all too familiar elsewhere. The history should be unnecessary to review, and though the West may choose to disregard it, the victims do not. The sharp break in the traditional pattern surely qualifies 9/11 as a historic event, and the repercussions are sure to be significant.

The consequences will, of course, be determined substantially by policy choices made within the United States. In this case, the target of the terrorist attack is not Cuba or Lebanon or Chechnya or a long list of



others, but a state with an awesome potential for shaping the future. Any sensible attempt to assess the likely consequences will naturally begin with an investigation of American power, how it has been exercised, particularly in the very recent past, and how it is interpreted within the political culture.

At this point there are two options: we can approach these questions with the rational standards we apply to others, or we can dismiss the historical and contemporary record on some grounds or other.

One familiar device is miraculous conversion: true, there have been flaws in the past, but they have now been overcome so we can forget those boring and now irrelevant topics and march on to a bright future. This useful doctrine of “change of course” has been invoked frequently over the years, in ways that are instructive when we look closely. To take a current example, when Bill Clinton attended the Independence Day celebration of the world’s newest country, East Timor, he informed the press: “I don’t believe America and any of the other countries were sufficiently sensitive in the beginning ... and for a long time before 1999, going way back to the ’70s, to the suffering of the people of East Timor,” but “when it became obvious to me what was really going on ... I tried to make sure we had the right policy.”

We can identify the timing of the conversion with some precision. Clearly, it was after September 8, 1999, when the secretary of defense reiterated the official position that “it is the responsibility of the Government of Indonesia, and we don’t want to take that responsibility away from them.” They had fulfilled their responsibility by killing hundreds of thousands of people with firm US and British support since the 1970s, then thousands more in the early months of 1999, finally destroying most of the country and driving out the population when they voted the wrong way in the August 30 referendum—fulfilling not only their responsibilities but also their promises, as Washington and London surely had known well before.

The US “never tried to sanction or support the oppression of the East Timorese,” Clinton explained, referring to the 25 years of crucial military and diplomatic support for Indonesian atrocities, continuing through the last paroxysm of fury in September. But we should not “look backward,” he advised, because America did finally become sensitive to the “oppression”: sometime between September 8 and September 11, when, under severe domestic and international pressure, Clinton informed the Indonesian generals that the game was over and they quickly withdrew, allowing an Australian-led UN peacekeeping force to enter unopposed.

The course of events revealed with great clarity how some of the worst crimes of the late twentieth century could have been ended very easily, simply by withdrawing crucial participation. That is hardly the only case, and Clinton was not alone in his interpretation of what scholarship now depicts as another inspiring achievement of the new era of humanitarianism.<sup>3</sup>

There is a new and highly regarded literary genre inquiring into the cultural defects that keep us from responding properly to the crimes of others. An interesting question no doubt, though by any reasonable standards it ranks well below a different one: Why do we and our allies persist in our own substantial crimes, either directly or through crucial support for murderous clients? That remains unasked, and if raised at the margins, arouses shivers of horror.

Another familiar way to evade rational standards is to dismiss the historical record as merely “the abuse of reality,” not “reality itself,” which is “the unachieved national purpose.” In this version of the traditional “city on a hill” conception, formulated by the founder of realist IR theory, America has a “transcendent purpose,” “the establishment of equality in freedom,” and American politics is designed to achieve this “national purpose,” however flawed it may be in execution. In a current version, published by a prominent scholar shortly before 9/11, there is a guiding principle that “defines the parameters within which the policy debate occurs,” a spectrum that excludes only “tattered remnants” on the right and left and is “so authoritative as to be virtually immune to challenge.” The principle is that America is an “historical vanguard.” “History has a discernible direction and destination. Uniquely among all the nations of the world, the United States comprehends and manifests history’s purpose.” It follows that US “hegemony” is the realization of history’s purpose and its application is therefore for the common good, a truism that renders empirical evaluation irrelevant.<sup>4</sup>

That stance too has a distinguished pedigree. A century before Donald Rumsfeld and Dick Cheney, Woodrow Wilson called for conquest of the Philippines because “Our interest must march forward, altruists though we are; other nations must see to it that they stand off, and do not seek to stay us.” And he was borrowing from admired sources, among them John Stuart Mill in a remarkable essay.<sup>5</sup>

That is one choice. The other is to understand “reality” as reality, and to ask whether its unpleasant features are “flaws” in the pursuit of history’s purpose or have more mundane causes, as in the case of every other power system of past and present. If we adopt that stance, joining the tattered remnants outside the authoritative spectrum, we will be led to conclude, I think, that policy choices are likely to remain within

a framework that is well entrenched, enhanced perhaps in important ways but not fundamentally changed: much as after the collapse of the USSR, I believe. There are a number of reasons to anticipate essential continuity, among them the stability of the basic institutions in which policy decisions are rooted, but also narrower ones that merit some attention.

The “war on terror” declared on 9/11 had been declared 20 years earlier, with much the same rhetoric and many of the same people in high-level positions.<sup>6</sup> The Reagan administration came into office announcing that a primary concern of US foreign policy would be a “war on terror,” particularly state-supported international terrorism, the most virulent form of the plague spread by “depraved opponents of civilization itself” in “a return to barbarism in the modern age,” in the words of the administration moderate George Shultz. The war to eradicate the plague was to focus on two regions where it was raging with unusual virulence: Central America and West Asia/North Africa. Shultz was particularly exercised by the “cancer, right here in our land mass,” which was openly renewing the goals of Hitler’s *Mein Kampf*, he informed Congress. The president declared a national emergency, renewed annually, because “the policies and actions of the Government of Nicaragua constitute an unusual and extraordinary threat to the national security and foreign policy of the United States.” Explaining the bombing of Libya, Ronald Reagan announced that the mad dog Colonel Qaddafi was sending arms and advisors to Nicaragua “to bring his war home to the United States,” part of the campaign “to expel America from the world,” Reagan lamented. Scholarship has explored still deeper roots for that ambitious enterprise. One prominent academic terrorologist finds that contemporary terrorism can be traced to South Vietnam, where “the effectiveness of Vietcong terror against the American Goliath armed with modern technology kindled hopes that the Western heartland was vulnerable too.”<sup>7</sup>

More ominous still, by the 1980s, was the swamp from which the plague was spreading. It was drained just in time by the US army, which helped to “defeat liberation theology,” the School of the Americas now proclaims with pride.<sup>8</sup>

In the second locus of the war, the threat was no less dreadful: Middle Eastern/Mediterranean terror was selected as the peak story of the year in 1985 in the annual Associated Press poll of editors, and ranked high in others. As the worst year of terror ended, Reagan and the Israeli prime minister, Shimon Peres, condemned “the evil scourge of terrorism” in a news conference in Washington. A few days before Peres had sent his bombers to Tunis, where they killed 75 people on

no credible pretext, a mission expedited by Washington and praised by Secretary of State Shultz, though he chose silence after the Security Council condemned the attack as an “act of armed aggression” (US abstaining). That was only one of the contenders for the prize of major terrorist atrocity in the peak year of terror. A second was a car bomb outside a mosque in Beirut which killed 80 people and wounded 250 others, timed to explode as people were leaving, killing mostly women and girls, traced back to the CIA and British intelligence. The third contender is Peres’s Iron Fist operations in southern Lebanon, fought against “terrorist villagers,” the high command explained, “reaching new depths of calculated brutality and arbitrary murder” according to a Western diplomat familiar with the area, a judgment amply supported by direct coverage.

Scholarship too recognizes 1985 to be a peak year of Middle Eastern terrorism, but does not cite these events: rather, two terrorist atrocities in which a single person was murdered, in each case an American.<sup>9</sup> But the victims do not so easily forget.

Shultz demanded resort to violence to destroy “the evil scourge of terrorism,” particularly in Central America. He bitterly condemned advocates of “utopian, legalistic means like outside mediation, the United Nations, and the World Court, while ignoring the power element of the equation.” His administration succumbed to no such weaknesses, and should be praised for its foresight by sober scholars who now explain that international law and institutions of world order must be swept aside by the enlightened hegemon, in a new era of dedication to human rights.

In both regions of primary concern, the commanders of the “war on terror” compiled a record of “state-supported international terrorism” that vastly exceeded anything that could be attributed to their targets. And that hardly exhausts the record. During the Reagan years Washington’s South African ally had primary responsibility for over 1.5 million dead and \$60 billion in damage in neighboring countries, while the administration found ways to evade Congressional sanctions and substantially increase trade. A UNICEF study estimated the death toll of infants and young children at 850,000, 150,000 in the single year 1988, reversing gains of the early post-independence years primarily by the weapon of “mass terrorism.” That is putting aside South Africa’s practices within, where it was defending civilization against the onslaughts of the ANC, one of the “more notorious terrorist groups,” according to a 1988 Pentagon report.<sup>10</sup>

For such reasons the US and Israel voted alone against an 1987 UN resolution condemning terrorism in the strongest terms and calling on

all nations to combat the plague, passed by 153 to 2, with Honduras abstaining. The two opponents identified the offending passage: it recognized “the right to self-determination, freedom, and independence, as derived from the Charter of the United Nations, of people forcibly deprived of that right . . . particularly peoples under colonial and racist regimes and foreign occupation”—understood to refer to South Africa and the Israeli-occupied territories, and therefore unacceptable.

The base for US operations in Central America was Honduras, where the US ambassador during the worst years of terror was John Negroponte, who is now in charge of the diplomatic component of the new phase of the “war on terror” at the UN. Reagan’s special envoy to the Middle East was Donald Rumsfeld, who now presides over its military component, as well as the new wars that have been announced.

Rumsfeld is joined by others who were prominent figures in the Reagan administration. Their thinking and goals have not changed, and although they may represent an extreme position on the policy spectrum, it is worth bearing in mind that they are by no means isolated. There is considerable continuity of doctrine, assumptions, and actions, persisting for many years until today. Careful investigation of this very recent history should be a particularly high priority for those who hold that “global security” requires “a respected and legitimate law-enforcer,” in Zbigniew Brzezinski’s words. He is referring, of course, to the sole power capable of undertaking this critical role: “the idealistic new world bent on ending inhumanity,” as the world’s leading newspaper describes it, dedicated to “principles and values” rather than crass and narrow ends, mobilizing its reluctant allies to join it in a new epoch of moral rectitude.<sup>11</sup>

The concept “respected and legitimate law-enforcer” is an important one. The term “legitimate” begs the question, so we can drop it. Perhaps some question arises about the respect for law of the chosen “law-enforcer,” and about its reputation outside of narrow elite circles. But such questions aside, the concept again reflects the emerging doctrine that we must discard the efforts of the past century to construct an international order in which the powerful are not free to resort to violence at will. Instead, we must institute a new principle—which is in fact a venerable principle: the self-anointed “enlightened states” will serve as global enforcers, no impolite questions asked.

The scrupulous avoidance of the events of the recent past is easy to understand, given what inquiry will quickly reveal. That includes not only the terrorist crimes of the 1980s and what came before, but also those of the 1990s, right to the present. A comparison of leading beneficiaries of US military assistance and the record of state terror

should shame honest people, and would, if it were not so effectively removed from the public eye. It suffices to look at the two countries that have been vying for leadership in this competition: Turkey and Colombia. As a personal aside I happened to visit both recently, including scenes of some of the worst crimes of the 1990s, adding some vivid personal experience to what is horrifying enough in the printed record. I am putting aside Israel and Egypt, which are a separate category.

To repeat the obvious, we basically have two choices. Either history is bunk, including current history, and we can march forward with confidence that the global enforcer will drive evil from the world much as the president's speech writers declare, plagiarizing ancient epics and children's tales. Or we can subject the doctrines of the proclaimed grand new era to scrutiny, drawing rational conclusions, perhaps gaining some sense of the emerging reality. If there is a third way, I do not see it.

The wars that are contemplated in the renewed "war on terror" are to go on for a long time. "There's no telling how many wars it will take to secure freedom in the homeland," the president announced. That's fair enough. Potential threats are virtually limitless, everywhere, even at home, as the anthrax attack illustrates. We should also be able to appreciate recent comments on the matter by the 1996–2000 head of Israel's General Security Service (Shabak), Ami Ayalon. He observed realistically that "those who want victory" against terror without addressing underlying grievances "want an unending war." He was speaking of Israel–Palestine, where the only "solution of the problem of terrorism [is] to offer an honorable solution to the Palestinians respecting their right to self-determination." So former head of Israeli military intelligence Yehoshaphat Harkabi, also a leading Arabist, observed 20 years ago, at a time when Israel still retained its immunity from retaliation from within the occupied territories to its harsh and brutal practices there.<sup>12</sup>

The observations generalize in obvious ways. In serious scholarship, at least, it is recognized that "Unless the social, political, and economic conditions that spawned al Qaeda and other associated groups are addressed, the United States and its allies in Western Europe and elsewhere will continue to be targeted by Islamist terrorists."<sup>13</sup>

In proclaiming the right of attack against perceived potential threats, the president is once again echoing the principles of the first phase of the "war on terror." The Reagan–Shultz doctrine held that the UN Charter entitles the US to resort to force in "self-defense against future attack." That interpretation of Article 51 was offered in justification of the bombing of Libya, eliciting praise from commentators who were impressed by the reliance "on a legal argument that violence against the

perpetrators of repeated violence is justified as an act of self-defense”; I am quoting *New York Times* legal specialist Anthony Lewis.

The doctrine was amplified by the Bush No. 1 administration, which justified the invasion of Panama, vetoing two Security Council resolutions, on the grounds that Article 51 “provides for the use of armed force to defend a country, to defend our interests and our people,” and entitles the US to invade another country to prevent its “territory from being used as a base for smuggling drugs into the United States.” In the light of that expansive interpretation of the Charter, it is not surprising that James Baker suggested a few days ago that Washington could now appeal to Article 51 to authorize conquest and occupation of Iraq, because Iraq may one day threaten the US with WMD, or threaten others while the US stands helplessly by.<sup>14</sup>

Quite apart from the plain meaning of the Charter, the argument offered by Baker’s State Department in 1989 was not too convincing on other grounds. “Operation Just Cause” reinstated in power the white elite of bankers and businessmen, many suspected of narco-trafficking and money laundering, who soon lived up to their reputation; drug trafficking “may have doubled” and money laundering “flourished” in the months after the invasion, the GAO reported, while USAID found that narcotics use in Panama had gone up by 400 per cent, reaching the highest level in Latin America. All without eliciting notable concern, except in Latin America, and Panama itself, where the invasion was harshly condemned.<sup>15</sup>

Clinton’s Strategic Command also advocated “pre-emptive response,” with nuclear weapons if deemed appropriate.<sup>16</sup> Clinton himself forged some new paths in implementing the doctrine, though his major contributions to international terrorism lie elsewhere.

The doctrine of pre-emptive strike has much earlier origins, even in words. Forty years ago Dean Acheson informed the American Society of International Law that legal issues do not arise in the case of a US response to a “challenge [to its] power, position, and prestige.” He was referring to Washington’s response to what it regarded as Cuba’s “successful defiance” of the United States. That included Cuba’s resistance to the Bay of Pigs invasion, but also much more serious crimes. When John Kennedy ordered his staff to subject Cubans to the “terrors of the earth” until Fidel Castro was eliminated, his planners advised that “The very existence of his regime ... represents a successful defiance of the US, a negation of our whole hemispheric policy of almost a century and a half,” based on the principle of subordination to US will. Worse yet, Castro’s regime was providing an “example and general stimulus” that might “encourage agitation and radical change”

in other parts of Latin America, where “social and economic conditions ... invite opposition to ruling authority” and susceptibility to “the Castro idea of taking matters into one’s own hands.” These are grave dangers, Kennedy planners recognized, when “The distribution of land and other forms of national wealth greatly favors the propertied classes ... [and] The poor and underprivileged, stimulated by the example of the Cuban revolution, are now demanding opportunities for a decent living.” These threats were only compounded by successful resistance to invasion, an intolerable threat to credibility, warranting the “terrors of the earth” and destructive economic warfare to excise that earlier “cancer.”<sup>17</sup>

Cuba’s crimes became still more immense when it served as the instrument of Russia’s crusade to dominate the world in 1975, Washington proclaimed. “If Soviet neocolonialism succeeds” in Angola, UN Ambassador Daniel Patrick Moynihan thundered, “the world will not be the same in the aftermath. Europe’s oil routes will be under Soviet control as will the strategic South Atlantic, with the next target on the Kremlin’s list being Brazil.” Washington’s fury was caused by another Cuban act of “successful defiance.” When a US-backed South African invasion was coming close to conquering newly independent Angola, Cuba sent troops on its own initiative, scarcely bothering even to notify Russia, and beat back the invaders. In the major scholarly study, Piero Gleijeses observes that “Kissinger did his best to smash the one movement that represented any hope for the future of Angola,” the MPLA. And though the MPLA “bears a grave responsibility for its country’s plight” in later years, it was “the relentless hostility of the United States [that] forced it into an unhealthy dependence on the Soviet bloc and encouraged South Africa to launch devastating military raids in the 1980s.”<sup>18</sup>

These further crimes of Cuba could not be forgiven; those years saw some of the worst terrorist attacks against Cuba, with no slight US role. After any pretense of a Soviet threat collapsed in 1989, the US tightened its stranglehold on Cuba on new pretexts, notably its alleged role in terrorism of the prime target of US-based terrorism for 40 years. The level of fanaticism is illustrated by minor incidents. For example, as we meet, a visa is being withheld for a young Cuban woman artist who was offered an art fellowship, apparently because Cuba has been declared a “terrorist state” by Colin Powell’s State Department.<sup>19</sup>

It should be unnecessary to review how the “terrors of the earth” were unleashed against Cuba since 1962, “no laughing matter,” Jorge Domínguez points out with considerable understatement, discussing newly released documents.<sup>20</sup> Of particular interest, and contemporary



import, are the internal perceptions of the planners. Domínguez observes that “Only once in these nearly thousand pages of documentation did a U.S. official raise something that resembled a faint moral objection to U.S.-government sponsored terrorism”: a member of the NSC staff suggested that it might lead to some Russian reaction; furthermore, raids that are “haphazard and kill innocents ... might mean a bad press in some friendly countries.” Scholarship on terrorism rarely goes even that far.

Little new ground is broken when one has to turn to House Majority leader Dick Arme to find a voice in the mainstream questioning “an unprovoked attack against Iraq” not on grounds of cost to us, but because it “would violate international law” and “would not be consistent with what we have been or what we should be as a nation.”<sup>21</sup>

What we or others “have been” is a separate story.

Much more should be said about continuity and its institutional roots. But let’s turn instead to some of the immediate questions posed by the crimes of 9/11:

1. Who is responsible?
2. What are the reasons?
3. What is the proper reaction?
4. What are the longer-term consequences?

As for 1, it was assumed, plausibly, that the guilty parties were bin Laden and his al Qaeda network. No one knows more about them than the CIA, which, together with US allies, recruited radical Islamists from many countries and organized them into a military and terrorist force that Reagan anointed “the moral equivalent of the founding fathers,” joining Jonas Savimbi and similar dignitaries in that Pantheon.<sup>22</sup> The goal was not to help Afghans resist Russian aggression, which would have been a legitimate objective, but rather normal reasons of state, with grim consequences for Afghans when the moral equivalents finally took control.

US intelligence has surely been following the exploits of these networks closely ever since they assassinated President Anwar Sadat of Egypt 20 years ago, and more intensively since their failed terrorist efforts in New York in 1993. Nevertheless, despite what must be the most intensive international intelligence investigation in history, evidence about the perpetrators of 9/11 has been elusive. Eight months after the bombing, FBI director Robert Mueller could only inform a Senate Committee that US intelligence now “believes” the plot was hatched in Afghanistan, though planned and implemented elsewhere.<sup>23</sup> And well after the source

of the anthrax attack was localized to government weapons laboratories, it has still not been identified. These are indications of how hard it may be to counter acts of terror targeting the rich and powerful in the future. Nevertheless, despite the thin evidence, the initial conclusion about 9/11 is presumably correct.

Turning to 2, scholarship is virtually unanimous in taking the terrorists at their word, which matches their deeds for the past 20 years: their goal, in their terms, is to drive the infidels from Muslim lands, to overthrow the corrupt governments they impose and sustain, and to institute an extremist version of Islam. They despise the Russians, but ceased their terrorist attacks against Russia based in Afghanistan—which were quite serious—when Russia withdrew. And “the call to wage war against America was made [when it sent] tens of thousands of its troops to the land of the two Holy Mosques over and above ... its support of the oppressive, corrupt and tyrannical regime that is in control,” so bin Laden announced well before 9/11.

More significant, at least for those who hope to reduce the likelihood of further crimes of a similar nature, are the background conditions from which the terrorist organizations arose, and that provide a reservoir of sympathetic understanding for at least parts of their message, even among those who despise and fear them. In George W. Bush’s plaintive phrase, “Why do they hate us?”

The question is wrongly put: they do not “hate us,” but rather the policies of the US government, something quite different. If the question is properly formulated, however, answers to it are not hard to find. Forty-four years ago President Eisenhower and his staff discussed what he called the “campaign of hatred against us” in the Arab world, “not by the governments but by the people.” The basic reason, the NSC advised, is the recognition that the US supports corrupt and brutal governments and is “opposing political or economic progress,” in order “to protect its interest in Near East oil.” The *Wall Street Journal* and others found much the same when they investigated attitudes of wealthy westernized Muslims after 9/11, feelings now exacerbated by US policies with regard to Israel–Palestine and Iraq.<sup>24</sup>

These are attitudes of people who like Americans and admire much about the United States, including its freedoms. What they hate is official policies that deny them the freedoms to which they too aspire.

Many commentators prefer a more comforting answer: their anger is rooted in resentment of our freedom and democracy, their cultural failings tracing back many centuries, their inability to take part in the form of “globalization” in which they happily participate, and other such deficiencies. More comforting, perhaps, but not too wise.

These issues are very much alive. Asia correspondent Ahmed Rashid reported that in Pakistan, “there is growing anger that U.S. support is allowing [Musharraf’s] military regime to delay the promise of democracy.” And a well-known Egyptian academic told the BBC that Arab and Islamic people were opposed to the US because it has “supported every possible anti-democratic government in the Arab–Islamic world ... When we hear American officials speaking of freedom, democracy and such values, they make terms like these sound obscene.” An Egyptian writer added that “Living in a country with an atrocious human rights record that also happens to be strategically vital to US interests is an illuminating lesson in moral hypocrisy and political double standards.” Terrorism, he said, is “a reaction to the injustice in the region’s domestic politics, inflicted in large part by the US.” The director of the terrorism program at the Council of Foreign Relations agreed that “Backing repressive regimes like Egypt and Saudi Arabia is certainly a leading cause of anti-Americanism in the Arab world,” but warned that “in both cases the likely alternatives are even nastier.”<sup>25</sup>

There is a long and illuminating history of the problems in supporting democratic forms while ensuring that they will lead to preferred outcomes, not just in this region. And it doesn’t win many friends.

What about proper reaction, question 3? Answers are doubtless contentious, but at least the reaction should meet the most elementary moral standards: specifically, if an action is right for us, it is right for others; and if wrong for others, it is wrong for us. Those who reject that standard can be ignored in any discussion of appropriateness of action, of right or wrong. One might ask what remains of the flood of commentary on proper reaction—thoughts about “just war,” for example—if this simple criterion is adopted.

Suppose we adopt the criterion, thus entering the arena of moral discourse. We can then ask, for example, how Cuba has been entitled to react after “the terrors of the earth” were unleashed against it 40 years ago. Or Nicaragua, after Washington rejected the orders of the World Court and Security Council to terminate its “unlawful use of force,” choosing instead to escalate its terrorist war and issue the first official orders to its forces to attack undefended civilian “soft targets,” leaving tens of thousands dead and the country ruined perhaps beyond recovery. No one believes that Cuba or Nicaragua had the right to set off bombs in Washington or New York or to kill US political leaders or send them to prison camps. And it is all too easy to add far more severe cases in those years, and others to the present.

Accordingly, those who accept elementary moral standards have some work to do to show that the US and Britain were justified in bombing

Afghans in order to compel them to turn over people whom the US suspected of criminal atrocities, the official war aim announced by the president as the bombing began. Or that the enforcers were justified in informing Afghans that they would be bombed until they brought about “regime change,” the war aim announced several weeks later, as the war was approaching its end.

The same moral standard holds of more nuanced proposals about an appropriate response to terrorist atrocities. Military historian Michael Howard advocated “a police operation conducted under the auspices of the United Nations ... against a criminal conspiracy whose members should be hunted down and brought before an international court, where they would receive a fair trial and, if found guilty, be awarded an appropriate sentence.”<sup>26</sup> That seems reasonable, though we may ask what the reaction would be to the suggestion that the proposal should be applied universally. That is unthinkable, and if the suggestion were to be made, it would elicit outrage and horror.

Similar questions arise with regard to the doctrine of “pre-emptive strike” against suspected threats, not new, though its bold assertion is novel. There is no doubt about the address. The standard of universality, therefore, would appear to justify Iraqi pre-emptive terror against the US. Of course, the conclusion is outlandish. The burden of proof again lies with those who advocate or tolerate the selective version that grants the right to those powerful enough to exercise it. And the burden is not light, as is always true when the threat or use of violence is advocated or tolerated.

There is, of course, an easy counter to such elementary observations: *We* are good. *They* are evil. That doctrine trumps virtually any argument. Analysis of commentary and much of scholarship reveals that its roots commonly lie in that crucial principle, which is not argued but asserted. None of this, of course, is an invention of contemporary power centers and the dominant intellectual culture, but it is, nevertheless, instructive to observe the means employed to protect the doctrine from the heretical challenge that seeks to confront it with the factual record, including such intriguing notions as “moral equivalence,” “moral relativism,” “anti-Americanism,” and others.

One useful barrier against heresy, already mentioned, is the principle that questions about the state’s resort to violence simply do not arise among sane people. That is a common refrain in the current debate over the modalities of the invasion of Iraq. To select an example at the liberal end of the spectrum, *New York Times* columnist Bill Keller remarks that “the last time America dispatched soldiers in the cause of ‘regime change,’ less than a year ago in Afghanistan, the opposition was mostly

limited to the people who are reflexively against the American use of power," either timid supporters or "isolationists, the doctrinaire left and the soft-headed types Christopher Hitchens described as people who, 'discovering a viper in the bed of their child, would place the first call to People for the Ethical Treatment of Animals'." To borrow the words of a noted predecessor, "We went to war, not because we wanted to, but because humanity demanded it"; President McKinley in this case, as he ordered his armies to "carry the burden, whatever it may be, in the interest of civilization, humanity, and liberty" in the Philippines.<sup>27</sup>

Let's ignore the fact that "regime change" was not "the cause" in Afghanistan—rather, an afterthought late in the game—and look more closely at the lunatic fringe. We have some information about them. In late September 2001, the Gallup organization surveyed international opinion on the announced US bombing. The lead question was whether, "once the identity of the terrorists is known, should the American government launch a military attack on the country or countries where the terrorists are based or should the American government seek to extradite the terrorists to stand trial?" As we have since learned, eight months later the identity of the terrorists was only surmised, and the countries where they were based are presumed to be Germany, the United Arab Emirates, and elsewhere, but let's ignore that too. The poll revealed that opinion strongly favored judicial over military action, in Europe overwhelmingly. The only exceptions were India and Israel, where Afghanistan was a surrogate for something quite different. Follow-up questions reveal that support for the military attack that was actually carried out was very slight.

Support for military action was least in Latin America, the region that has the most experience with US intervention. It ranged from 2 per cent in Mexico to 11 per cent in Colombia and Venezuela, where 85 per cent preferred extradition and trial; whether that was feasible is known only to ideologues. The sole exception was Panama, where only 80 per cent preferred judicial means and 16 per cent advocated military attack; and even there, correspondents recalled the death of perhaps thousands of poor people (Western crimes, therefore unexamined) in the course of Operation Just Cause, undertaken to kidnap a disobedient thug who was sentenced to life imprisonment in Florida for crimes mostly committed while he was on the CIA payroll. One remarked, "how much alike [the victims of 9/11] are to the boys and girls, to those who are unable to be born that December 20 [1989] that they imposed on us in Chorrillo; how much alike they seem to the mothers, the grandfathers and the little old grandmothers, all of them also innocent and anonymous deaths, whose terror was called Just Cause and the terrorist called liberator."<sup>28</sup>

I suspect that the director of Human Rights Watch Africa (1993–95), now a professor of law at Emory University, may have spoken for many others around the world when he addressed the International Council on Human Rights Policy in Geneva in January 2002, saying that “I am unable to appreciate any moral, political or legal difference between this jihad by the United States against those it deems to be its enemies and the jihad by Islamic groups against those they deem to be their enemies.”<sup>29</sup>

What about Afghan opinion? Here information is scanty, but not entirely lacking. In late October, 1,000 Afghan leaders gathered in Peshawar, some exiles, some coming from within Afghanistan, all committed to overthrowing the Taliban regime. It was “a rare display of unity among tribal elders, Islamic scholars, fractious politicians, and former guerrilla commanders,” the press reported. They unanimously “urged the US to stop the air raids,” appealed to the international media to call for an end to the “bombing of innocent people,” and “demanded an end to the US bombing of Afghanistan.” They urged that other means be adopted to overthrow the hated Taliban regime, a goal they believed could be achieved without further death and destruction.

A similar message was conveyed by Afghan opposition leader Abdul Haq, who was highly regarded in Washington, and received special praise as a martyr during the Loya Jirga, his memory bringing tears to the eyes of President Hamid Karzai. Just before he entered Afghanistan, apparently without US support, and was then captured and killed, he condemned the bombing and criticized the US for refusing to support efforts of his and of others “to create a revolt within the Taliban.” The bombing was “a big setback for these efforts,” he said, outlining his efforts and calling on the US to assist them with funding and other support instead of undermining them with bombs. The US, he said, “is trying to show its muscle, score a victory and scare everyone in the world. They don’t care about the suffering of the Afghans or how many people we will lose.” The prominent women’s organization RAWA, which received some belated recognition in the course of the war, also bitterly condemned the bombing.

In short, the lunatic fringe of “soft-headed types who are reflexively against the American use of power” was not insubstantial as the bombing was undertaken and proceeded. But since virtually no word of any of this was published in the US, we can continue to comfort ourselves that “humanity demanded” the bombing.<sup>30</sup>

There is, obviously, a great deal more to say about all of these topics, but let us turn briefly to question 4.

In the longer term, I suspect that the crimes of 9/11 will accelerate tendencies that were already underway: the Bush doctrine on pre-emption is an illustration. As was predicted at once, governments throughout the world seized upon 9/11 as a “window of opportunity” to institute or escalate harsh and repressive programs. Russia eagerly joined the “coalition against terror,” expecting to receive tacit authorization for its shocking atrocities in Chechnya, and was not disappointed. China happily joined for similar reasons. Turkey was the first country to offer troops for the new phase of the US “war on terror,” in gratitude, as the prime minister explained, for the US contribution to Turkey’s campaign against its miserably repressed Kurdish population, waged with extreme savagery and relying crucially on a huge flow of US arms, peaking in 1997; in that single year arms transfers exceeded the entire postwar period combined up to the onset of the counterinsurgency campaign. Turkey is highly praised for these achievements and was rewarded by grant of authority to protect Kabul from terror, funded by the same superpower that provided the means for its recent acts of state terror, including some of the major atrocities of the grisly 1990s. Israel recognized that it would be able to crush Palestinians even more brutally, with even firmer US support. And so on throughout much of the world.

Many governments, including the US, instituted measures to discipline the domestic population and to carry forward unpopular measures under the guise of “combating terror,” exploiting the atmosphere of fear and the demand for “patriotism”—which in practice means: “You shut up and I’ll pursue my own agenda relentlessly.” The Bush administration used the opportunity to advance its assault against most of the population, and future generations, serving the narrow corporate interests that dominate the administration to an extent even beyond the norm.

One major outcome is that the US, for the first time, has major military bases in Central Asia. These help to position US corporate interests favorably in the current “great game” to control the resources of the region, but also to complete the encirclement of the world’s major energy resources, in the Gulf region. The US base system targeting the Gulf extends from the Pacific to the Azores, but the closest reliable base before the Afghan war was Diego Garcia. Now that situation is much improved, and forceful intervention should be facilitated.

The Bush administration also exploited the new phase of the “war on terror” to expand its overwhelming military advantages over the rest of the world, and to move on to other methods to ensure global dominance. Government thinking was clarified by high officials when

Prince Abdullah of Saudi Arabia visited the US in April to urge the administration to pay more attention to the reaction in the Arab world to its strong support for Israeli terror and repression. He was told, in effect, that the US did not care what he or other Arabs think. A high official explained that “if he thought we were strong in Desert Storm, we’re ten times as strong today. This was to give him some idea what Afghanistan demonstrated about our capabilities.” A senior defense analyst gave a simple gloss: others will “respect us for our toughness and won’t mess with us.”<sup>31</sup> That stand has many precedents too, but in the post-9/11 world it gains new force.

It is reasonable to speculate that such consequences were one goal of the bombing of Afghanistan: to warn the world of what the “legitimate enforcer” can do if someone steps out of line. The bombing of Serbia was undertaken for similar reasons: to “ensure NATO’s credibility,” as Blair and Clinton explained—not referring to the credibility of Norway or Italy. That is a common theme of statecraft. And with some reason, as history amply reveals.

Without continuing, the basic issues of international society seem to me to remain much as they were, but 9/11 surely has induced changes, in some cases, with significant and not very attractive implications.

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# 10

## A Concise History of US Global Interventions, 1945 to the Present\*

*William Blum*

### CHINA, 1945–51

At the close of World War II, the US intervened in a civil war, taking the side of Chiang Kai-shek's Nationalists against Mao Tse-tung's Communists, even though the latter had been a much closer ally of the United States in the war. To compound the irony, the US used defeated Japanese soldiers to fight for its side. After their defeat in 1949, many Nationalist soldiers took refuge in northern Burma, where the CIA regrouped them, brought in other recruits from elsewhere in Asia, and provided a large supply of heavy arms and planes. During the early 1950s, this army proceeded to carry out a number of incursions into China, involving at times thousands of troops, accompanied by CIA advisors (some of whom were killed), and supplied by air drops from American planes.

### FRANCE, 1947

Communist Party members had fought in the wartime resistance, unlike many other French who had collaborated with the Germans. After the war the Communists followed the legal path to form strong labor unions and vie for political office. But the United States was determined to deny them their place at the table, particularly since some unions were taking steps to impede the flow of arms to French forces seeking to reconquer their former colony of Vietnam with US aid. The US funneled very large amounts of money to the Socialist Party, the Communists' chief rival; sent in American Federation of Labor (AFL) experts to subvert the CP's union dominance and import scab workers from Italy; supplied arms and money to Corsican gangs to break up Communist strikes, burn down party offices, and beat up and murder party members and

strikers; sent in a psychological warfare team to complement all of these actions; and used the threat of a cut-off of food aid and other aid, all to seriously undermine Communist Party support and prestige. It worked.

A portion of the financing for these covert operations came from the funds of the Marshall Plan, which also helped finance the corruption of the Italian elections of 1948 (see below), and set up a special covert operations agency which later melded into the CIA.<sup>1</sup> These are a few of the hidden sides of the Marshall Plan, which has long been held up to the world as a shining example of America's altruism.

At the same time, Washington was forcing the French government to dismiss its Communist ministers in order to receive American economic aid. Said Premier Paul Ramadier: "A little of our independence is departing from us with each loan we obtain."<sup>2</sup>

### MARSHALL ISLANDS, 1946–58

Driven by perceived Cold War exigencies, the United States conducted dozens of ICBM, nuclear bomb, and other nuclear tests on this trust territory in the Pacific, after forcing the residents of certain islands, notably Bikini Atoll, to relocate to other, uninhabited islands. In 1968, the former residents of Bikini were told by the Johnson administration that their island had been decontaminated and was safe for habitation. Many went back, only to be told later that they had been subjected to massive doses of radiation and would have to leave again. In 1983, the US Interior Department declared that the islanders could return to their homes immediately—provided they ate no home-grown food until the late twenty-first century.<sup>3</sup> They have never returned.

### ITALY, 1947–1970s

In 1947, the US forced the Italian government to dismiss its Communist and Socialist cabinet members in order to receive American economic aid. The following year and for decades thereafter, each time a combined front of the Communists and Socialists, or the Communists alone, threatened to defeat the US-supported Christian Democrats in national elections, the CIA used every (dirty) trick in the book and trained its big economic, political, and psychological-warfare guns on the Italian people, while covertly funding the CD candidates. And it worked. Again and again. This perversion of democracy was done in the name of "saving democracy" in Italy. American corporations also contributed many millions of dollars to help keep the left from a share of power.

## GREECE, 1947–49

The United States intervened in a civil war, taking the side of the neo-fascists against the Greek left, who had fought the Nazis courageously. The neo-fascists won and instituted a highly brutal regime, for which the CIA created a suitably repressive internal security agency. For the next 15 years, Greece was looked upon much as a piece of real estate to be developed according to Washington's needs.

## PHILIPPINES, 1945–53

The US military fought against the leftist Huk forces even while the Huks were still fighting against the Japanese invaders in the world war. After the war, the US organized Philippine armed forces to continue the fight against the Huks, finally defeating them and their reform movement. The CIA interfered grossly in elections, installing a series of puppets as president, culminating in the long dictatorship of Ferdinand Marcos, for whom torture was *la spécialité de la maison*.

## KOREA, 1945–53

After World War II, the United States suppressed popular progressive organizations, who had been allies in the war—at times with brutal force—in favor of the conservatives who had collaborated with the Japanese. As a result, the best opportunities to unify North and South were derailed. This led to a long era of corrupt, reactionary, and ruthless governments in the South and the huge, war-crime filled American military intervention of 1950–53 in the “Korean War,” which was far from the simple affair of North Korea invading South Korea on a particular day, which the world has been led to believe.

In 1999, we learned that shortly after the war began, American soldiers machine-gunned hundreds of helpless civilians; amongst many other such incidents, hundreds were killed when the US purposely blew up bridges they were crossing.<sup>4</sup>

## ALBANIA, 1949–53

By infiltrating *émigré* guerrillas into the country, the US and Britain tried to overthrow the communist government and install a new one that would have been pro-Western, albeit composed largely of monarchists and collaborators with Italian fascists and Nazis. Hundreds of the *émigrés* lost their lives or were imprisoned.

## EASTERN EUROPE, 1948–56

Allen Dulles, Director of the CIA, in a remarkable chess game, instigated a high Polish security official, Jozef Swiatlo, to use a controversial American, Noel Field, to spread paranoia amongst the security establishments of Eastern Europe, leading to countless purge trials, hundreds of thousands of imprisonments, and at least hundreds of deaths.<sup>5</sup>

## GERMANY, 1950s

The CIA orchestrated a wide-ranging campaign of sabotage, terrorism, dirty tricks, and psychological warfare against East Germany. This was one of the factors which led to the building of the Berlin Wall in 1961.

The United States also created a secret civilian army in Germany, which drew up a list of 200 leading Social Democrats, 15 Communists, and various others who were to be “put out of the way” if the Soviet Union invaded. This secret army had its counterparts all over Western Europe as part of “Operation Gladio,” developed by the CIA and other intelligence services, and not answerable for its actions under the laws of any state. After NATO was formed in 1949, “Gladio” came under its discreet aegis. “Gladiators” were responsible for numerous acts of terrorism in Europe, foremost of which was the bombing of the Bologna railway station in 1980, claiming 86 lives. The purpose of the terrorism was to place the blame for these atrocities on the left and thus heighten public concern about a Soviet invasion; at the same time, discrediting leftist electoral candidates, for NATO feared that if the left came to power in the government of any of its members, they might pass legislation that would be a threat to the NATO installations or operations in that country.<sup>6</sup>

## IRAN, 1953

Prime Minister Mohammad Mossadegh was overthrown in a joint US–British operation. Mossadegh had been elected to his position by a large majority of parliament, but he had made the fateful mistake of spearheading the movement to nationalize a British-owned oil company, the sole oil company operating in Iran. The coup restored the Shah to absolute power, initiating a period of 25 years of repression and torture; while the oil industry was restored to foreign ownership, with the US and Britain each getting 40 per cent.

## GUATEMALA, 1953–1990s

Humorist Dave Barry boils the Monroe Doctrine down to three simple precepts: (1) Other nations are not allowed to mess around with the internal affairs of nations in this hemisphere; (2) but we are; (3) Ha Ha Ha. A CIA-organized *coup* overthrew the democratically elected and progressive government of Jacobo Arbenz, initiating 40 years of military-government death squads, torture, disappearances, mass executions, and unimaginable cruelty, totaling more than 200,000 victims—indisputably one of the most inhumane chapters of the twentieth century. The justification for the *coup* that has been put forth over the years is that Guatemala had been on the verge of the proverbial Soviet takeover. In actuality, the Russians had so little interest in the country that it didn't even maintain diplomatic relations. The real problem was that Arbenz had taken over some of the uncultivated land of the US firm, United Fruit Company, which had extremely close ties to the American power elite. Moreover, in the eyes of Washington, there was the danger of Guatemala's social-democracy model spreading to other countries in Latin America. Despite a 1996 "peace" accord between the government and rebels, respect for human rights remains as only a concept in Guatemala; death squads continue to operate with a significant measure of impunity against union activists and other dissidents; torture still rears its ugly head; the lower classes are as wretched as ever; the military endures as a formidable institution; the US continues to arm and train the Guatemalan military and carry out exercises with it; and key provisions of the peace accord concerning military reform have not been carried out.<sup>7</sup>

## COSTA RICA, MID-1950s, 1970–71

To liberal American political leaders, President José Figueres was the quintessential "liberal democrat," the kind of statesman they liked to think, and liked the world to think, was the natural partner of US foreign policy rather than the military dictators who somehow kept popping up as allies. Yet the United States tried to overthrow Figueres (in the 1950s, and perhaps also in the 1970s, when he was again president), and tried to assassinate him twice. The reasons? Figueres was not tough enough on the left, led Costa Rica to become the first country in Central America to establish diplomatic relations with the Soviet Union and Eastern Europe, and on occasion questioned American foreign policy, like the Bay of Pigs invasion.

## MIDDLE EAST, 1956–58

The Eisenhower Doctrine stated that the United States “is prepared to use armed forces to assist” any Middle East country “requesting assistance against armed aggression from any country controlled by international communism.” The English translation of this was that no one would be allowed to dominate, or have excessive influence over, the Middle East and its oilfields except the United States, and that anyone who tried would be, by definition, “communist.” In keeping with this policy, the United States twice attempted to overthrow the Syrian government, staged several shows of force in the Mediterranean to intimidate movements opposed to US-supported governments in Jordan and Lebanon, landed 14,000 troops in Lebanon, and conspired to overthrow or assassinate Nasser of Egypt and his troublesome Middle East nationalism.

## INDONESIA, 1957–58

Achmad Sukarno, like Nasser, was the kind of third world leader the United States could not abide: a nationalist who was serving the wrong national interest. He took neutralism in the Cold War seriously, making trips to the Soviet Union and China as well as to the White House. He nationalized many private holdings of the Dutch, the former colonial power. And he refused to crack down on the Indonesian Communist Party, which was taking the legal, peaceful road and making impressive gains electorally. Such policies could easily give other Third World leaders “wrong ideas.” Thus it was that the CIA began throwing money into the elections, plotted Sukarno’s assassination, tried to blackmail him with a phoney sex film, and joined forces with dissident military officers to wage a full-scale war against the government, including bombing runs by American pilots. Sukarno survived it all.

## HAITI, 1959

The US military mission, in Haiti to train the troops of noted dictator François Duvalier, used its air, sea, and ground power to smash an attempt to overthrow Duvalier by a small group of Haitians, aided by some Cubans and other Latin Americans.

## WESTERN EUROPE, 1950s–1960s

For two decades, the CIA used dozens of American foundations, charitable trusts and the like, including a few of its own creation, as



conduits for payments to all manner of organizations in Western Europe. The beneficiaries of this largesse were political parties, magazines, news agencies, journalists' and other unions, labor organizations, student and youth groups, lawyers' associations, and other enterprises, all ostensibly independent, but nonetheless serving Washington's Cold War, anti-communist, anti-socialist agenda; an agenda which also included a militarized and united Western Europe, allied to (and dominated by) the United States, and support for the Common Market and NATO, all part of the bulwark against the supposed Soviet threat.

#### BRITISH GUIANA/GUYANA, 1953–64

The United States and Great Britain made life extremely difficult for the democratically elected leader, Cheddi Jagan, finally forcing him from office.<sup>8</sup> Jagan was another third world leader who incurred Washington's wrath by trying to remain neutral and independent. Although a leftist—more so than Sukarno or Arbenz—his policies in office were not revolutionary. But he was still targeted, for he represented Washington's greatest fear: building a society that might be a successful example of an alternative to the capitalist model. John F. Kennedy had given a direct order for his ouster, as, presumably, had Eisenhower. One of the better-off countries in the region under Jagan, Guyana, by the 1980s, was one of the poorest. Its principal export had become people.

#### IRAQ, 1958–63

In July 1958, General Abdul Karim Kassem overthrew the monarchy and established a republic. Though somewhat of a reformist, he was by no means any kind of radical. His action, however, awakened revolutionary fervor in the masses and increased the influence of the Iraqi Communist Party. By April of the following year, CIA Director Allen Dulles, with his customary hyperbole, was telling Congress that the Iraqi Communists were close to a "complete takeover" and the situation in that country was "the most dangerous in the world today."<sup>9</sup> In actuality, Kassem aimed at being a neutralist in the Cold War and pursued rather inconsistent policies towards the Iraqi Communists, never allowing them formal representation in his cabinet, nor even full legality, though they strongly desired both. He tried to maintain power by playing the Communists off against other ideological groups.<sup>10</sup>

A secret plan for a joint US–Turkish invasion of the country was drafted by the United States Joint Chiefs of Staff shortly after the 1958 *coup*. Reportedly, only Soviet threats to intercede on Iraq's side forced Washington to hold back. But in 1960, the United States began to

fund the Kurdish guerrillas in Iraq who were fighting for a measure of autonomy<sup>11</sup> and the CIA undertook an assassination attempt against Kassem, which was unsuccessful.<sup>12</sup> The Iraqi leader made himself even more of a marked man when, in that same year, he began to help create the Organization of Petroleum Exporting Countries (OPEC), which challenged the stranglehold Western oil companies had on the marketing of Arab oil; and in 1962 he created a national oil company to exploit the nation's oil.

In February 1963, Kassem told the French daily, *Le Monde*, that he had received a note from Washington—"in terms scarcely veiled, calling upon me to change my attitude, under threat of sanctions against Iraq ... All our trouble with the imperialists [the US and the UK] began the day we claimed our legitimate rights to Kuwait."<sup>13</sup> (Kuwait was a key element in US and UK hegemonic designs over Middle East oil.) A few days after Kassem's remarks were published, he was overthrown in a *coup* and summarily executed; thousands of Communists were killed. The State Department soon informed the press that it was pleased that the new regime would respect international agreements and was not interested in nationalizing the giant Iraq Petroleum Co., of which the US was a major owner.<sup>14</sup> The new government, at least for the time being, also cooled its claim to Kuwait.

Papers of the British cabinet of 1963, later declassified, disclose that the *coup* had been backed by the British and the CIA.<sup>15</sup>

### SOVIET UNION, 1940s–1960s

The US infiltrated many hundreds of Russian *émigrés* into the Soviet Union to gather intelligence about military and technological installations; commit assassinations; obtain current samples of identification documents; assist Western agents to escape; engage in sabotage, such as derailing trains, wrecking bridges, actions against arms factories and power plants; or instigate armed political struggle against Communist rule by linking up with resistance movements. There was also a mammoth CIA anti-Soviet propaganda campaign, highlighted by the covert publishing of well over 1,000 books in English, a number by well-known authors, which were distributed all over the world, as well as hundreds in foreign languages.

### VIETNAM, 1945–73

What we're doing in Vietnam is using the black man to kill the yellow man so the white man can keep the land he took from the red man.

Dick Gregory

The slippery slope began with the US siding with the French, the former colonizers, and with collaborators with the Japanese, against Ho Chi Minh and his followers, who had worked closely with the Allied war effort and admired all things American. Ho Chi Minh was, after all, some kind of “Communist” (one of those bad-for-you label warnings). He had written numerous letters to President Truman and the State Department asking for America’s help in winning Vietnamese independence from the French and finding a peaceful solution for his country. All his entreaties were ignored. For he was some kind of Communist. Ho Chi Minh modeled the new Vietnamese declaration of independence on the American, beginning it with “All men are created equal. They are endowed by their Creator with ...” But this would count for nothing in Washington. Ho Chi Minh was some kind of Communist.

More than 20 years and more than a million dead later, the United States withdrew its military forces from Vietnam. Most people believe that the US lost the war. But by destroying Vietnam to its core, by poisoning the earth, the water, and the gene pool for generations, Washington had in fact achieved its primary purpose: preventing what might have been the rise of a good development option for Asia. Ho Chi Minh was, after all, some kind of Communist.

#### CAMBODIA, 1955–73

Prince Sihanouk, yet another leader who did not fancy being an American client. After many years of hostility towards his regime, including assassination plots and the infamous Nixon/Kissinger secret “carpet bombings” of 1969–70, Washington finally overthrew Sihanouk in a *coup* in 1970. This was all that was needed to impel Pol Pot and his Khmer Rouge forces to enter the fray. Five years later, they took power. But the years of American bombing had caused Cambodia’s traditional economy to vanish. The old Cambodia had been destroyed forever.

Incredibly, the Khmer Rouge were to inflict even greater misery upon this unhappy land. And to multiply the irony, the United States supported Pol Pot and the Khmer Rouge after their subsequent defeat by the Vietnamese.<sup>16</sup>

#### LAOS, 1957–73

The Laotian left, led by the Pathet Lao, tried to effect social change peacefully, making significant electoral gains and taking part in coalition governments. But the United States would have none of that. The CIA and the State Department, through force, bribery, and other pressures,

engineered *coups* in 1958, 1959 and 1960. Eventually, the only option left for the Pathet Lao was armed force. The CIA created its famous *Armée Clandestine*—totaling 30,000, from every corner of Asia—to do battle, while the US air force, between 1965 and 1973, rained down more than 2 million tons of bombs upon the people of Laos, many of whom were forced to live in caves for years in a desperate attempt to escape the monsters falling from the sky. After hundreds of thousands had been killed, many more maimed, and countless bombed villages with hardly stone standing upon stone, the Pathet Lao took control of the country, following on the heels of events in Vietnam.

### THAILAND, 1965–73

While using the country to facilitate its daily bombings of Vietnam and Laos, the US military took the time to try to suppress insurgents who were fighting for economic reform, an end to police repression, and in opposition to the mammoth US military presence, with its huge airbases, piers, barracks, road building, and other major projects, which appeared to be taking the country apart and taking it over. Eventually, the American military personnel count in Thailand reached 40,000, with those engaged in the civil conflict—including 365 Green Beret forces—officially designated as “advisors,” as they were in Vietnam.

To fight the guerrillas, the US financed, armed, equipped, and trained police and military units in counter-insurgency, significantly increasing their numbers; transported government forces by helicopter to combat areas; were present in the field as well, as battalion advisors; and sometimes accompanied Thai soldiers on anti-guerrilla sweeps. In addition, the Americans instituted considerable propaganda and psychological warfare activities, and actually encouraged the Thai government to adopt a more forceful response.<sup>17</sup> However, the conflict in Thailand, and the US role, never approached the dimensions of Vietnam.

In 1966, the *Washington Post* reported that in the view of some observers, continued dictatorship in Thailand suits the United States, since it assures a continuation of American bases in the country and that, as a US official put it bluntly, “is our real interest in this place.”<sup>18</sup>

### ECUADOR, 1960–63

Infiltrating virtually every department of the government, up to and including the second and third positions of power, along with an abundant use of dirty tricks, enabled the CIA to oust President José

María Velasco because of his refusal to go along with US Cuba policy and not clamping down hard on the left domestically; and when his replacement also refused to break relations with Cuba, a military leader in the pay of the CIA gave him an ultimatum, which he acceded to.

#### THE CONGO/ZAIRE, 1960–65, 1977–78

In June 1960, Patrice Lumumba—legally and peacefully—became the Congo's first prime minister after independence from Belgium. At Independence Day ceremonies before a host of foreign dignitaries, Lumumba called for the nation's economic as well as its political liberation, recounting a list of injustices against the natives by the white owners of the country. The man was obviously a "Communist." And obviously doomed, particularly since Belgium retained its vast mineral wealth in Katanga province, and prominent Eisenhower administration officials had financial ties to the same wealth.

Eleven days later, Katanga seceded; in September Lumumba was dismissed by the President at the instigation of the United States; and in January 1961 he was assassinated, with CIA involvement, after Eisenhower had requested that Lumumba should depart from this life. There followed several years of civil conflict and chaos and the rise to power in 1965 of Mobutu Sese Seko, a man not a stranger to the CIA. Mobutu went on to rule the country for more than 30 years, with a level of corruption and cruelty that shocked even his CIA handlers. The Zairian people lived in abject poverty despite the country's extraordinary natural wealth, while Mobutu became a multi-billionaire.

In both 1977 and 1978, the Carter administration rushed extensive military aid to Zaire, including airlifting Moroccan troops, to help Mobutu quell rebel uprisings and remain in power. President George Bush was later to remark that Mobutu was "our best friend in Africa."<sup>19</sup>

#### FRANCE/ALGERIA, 1960s

The CIA apparently supported a French military *coup* in Algeria to block that country's independence in the face of President Charles de Gaulle's determination to grant independence. The US was concerned that an independent Algeria would have a "Communist" government. Washington also hoped that the repercussions would topple de Gaulle, who was a major obstacle to American hegemonic plans for NATO. A few years later, evidence indicates, the CIA was involved in an aborted plot to assassinate the French president.

## BRAZIL, 1961–64

President João Goulart was guilty of the usual crimes: He took an independent stand in foreign policy, resuming relations with socialist countries and opposing sanctions against Cuba; his administration passed a law limiting the amount of profits multinationals could transmit outside the country; a subsidiary of ITT was nationalized; he promoted economic and social reforms. And Attorney General Robert Kennedy was uneasy about Goulart allowing “Communists” to hold positions in government agencies. Yet the man was no radical. He was a millionaire landowner and a Catholic, who wore a medallion of the Virgin around his neck. That, however, was not enough to save him. In 1964, he was overthrown in a military *coup* which had covert American involvement and indispensable support. The official Washington line was: Yes, it’s unfortunate that democracy has been overthrown in Brazil ... but still, the country has been saved from Communism.

For the next 15 years, all the features of military dictatorship which Latin America has come to know and love were instituted: Congress was shut down, political opposition was reduced to virtual extinction, Habeas Corpus for “political crimes” was suspended, criticism of the president was forbidden by law, labor unions were taken over by government interveners, mounting protests were met by police and military firing into crowds, peasants’ homes were burned down, priests were brutalized—disappearances, death squads, a remarkable degree and depravity of torture. The government had a name for its program: the “moral rehabilitation” of Brazil.

Washington was very pleased. Brazil broke relations with Cuba and became one of the United States’ most reliable allies in Latin America.

## PERU, 1965

The US military set up “a miniature Fort Bragg” in the Peruvian jungle and proceeded to wipe out several guerrilla groups, which had formed in response to the deep-seated poverty of the Peruvian masses.

## DOMINICAN REPUBLIC, 1963–65

In February 1963, Juan Bosch took office as the first democratically elected president of the Dominican Republic since 1924. Here at last was John F. Kennedy’s liberal anti-Communist, to counter the charge that the US supported only military dictatorships. Bosch’s government

was to be the long sought “showcase of democracy” that would put the lie to Fidel Castro. He was given the grand treatment in Washington shortly before he took office.

To Washington’s dismay, however, Bosch was true to his beliefs. He called for land reform; low-rent housing; modest nationalization of business; foreign investment provided it was not excessively exploitative of the country; and other policies making up the program of any liberal third world leader serious about social change. He was likewise serious about the thing called civil liberties: Communists, or those labeled as such, were not to be persecuted unless they actually violated the law. A number of American Officials and congressmen expressed their discomfort with Bosch’s plans, as well as his stance of independence from the United States. Land reform and nationalization are always touchy issues in Washington, the stuff that “creeping socialism” is made of. In several quarters of the US press Bosch was red-baited.

In September, the military boots marched. Bosch was out. The United States, which could discourage a military *coup* in Latin America with a frown, did nothing. (The most recent demonstration of this was in Ecuador in January 2000, where a military *coup* was rescinded almost immediately after a few calls from Washington officials.)<sup>20</sup>

Nineteen months later, April 1965, a widespread popular revolt broke out, which promised to put the exiled Bosch back into power. The United States sent in 23,000 troops to help crush it.

## CUBA, 1959 TO THE PRESENT

The motto of the CIA: “Proudly overthrowing Fidel Castro since 1959.”<sup>21</sup>

Castro came to power at the beginning of 1959. As early as March 10, a US National Security Council meeting included on its agenda the feasibility of bringing “another government to power in Cuba.” There followed 40 years of terrorist attacks, bombings, full-scale military invasion, sanctions, embargos, isolation, assassinations ... Cuba had carried out “The Unforgivable Revolution”, a very serious threat of setting a “good example” in Latin America.

The saddest part of this is that the world will never know what kind of society Cuba could have produced if left alone, if not constantly under the gun and the threat of invasion, if allowed to relax its control at home. The idealism, the vision, the talent, the internationalism were all there. But we’ll never know. And that, of course, has been the idea.

The Cuban government, its critics claim, sees the CIA behind every problem. In actuality, the CIA is behind only half of the problems. The problem is, the Cuban government can't tell which half.

### INDONESIA, 1965

A complex series of events, involving a supposed *coup* attempt, a counter-*coup*, and perhaps a counter-counter-*coup*, with American fingerprints apparent at various points, resulted in the ousting from power of Achmad Sukarno and his replacement by General Thojib Suharto and the Indonesian military, which was very closely tied to the US military. The massacre that then began immediately—of Communists, Communist sympathizers, suspected Communists, suspected Communist sympathizers, and none of the above—was called by the *New York Times* “one of the most savage mass slayings of modern political history.” The estimates of the numbers killed in the course of a few years begin at half a million and go above a million.

It was later learned that the US embassy had compiled lists of “Communists,” from top echelons down to village cadres, as many as 5,000 names, and turned them over to the army, which then hunted those persons down and killed them. The Americans would then check off the names of those who had been killed or captured. “It really was a big help to the army,” said one US diplomat. “They probably killed a lot of people, and I probably have a lot of blood on my hands. But that’s not all bad. There’s a time when you have to strike hard at a decisive moment.”

### GHANA, 1966

When Kwame Nkrumah tried to reduce his country’s dependence on the West by strengthening economic and military ties to the Soviet Union, China, and East Germany, he effectively sealed his fate. A CIA-backed military *coup* sent the African leader into exile, from which he never returned. A CIA document, declassified in 1977, revealed that the Agency was in close contact with the military plotters and had been reporting to Washington for a year on the military’s plans to oust Nkrumah; the last such report was the day before the *coup*. There is no indication that the CIA ever informed Nkrumah of any of these plots.<sup>22</sup>

### URUGUAY, 1969–72

The 1960s was the era of the Tupamaros, perhaps the cleverest, most resourceful, most sophisticated, least violent, Robin Hood like urban



guerrillas the world has ever seen. They were too good to be allowed to endure. A team of American experts arrived to supply the police with all the arms, vehicles, communications gear, etc. they needed; to train them in assassination and explosives techniques, to teach methods of interrogation *cum* torture, to set up an intelligence service *cum* death squad. It was all-out war against the Tupamaros and any suspected sympathizers. The Tupamaros lost.

In 1998, Eladio Moll, a retired Uruguayan rear admiral and former intelligence chief, testifying before a commission of the Uruguayan Chamber of Deputies, stated that during Uruguay's "dirty war" (1972–83), orders came from the United States concerning captive Tupamaros. "The guidance that was sent from the U.S.," said Moll, "was that what had to be done with the captured guerrillas was to get information, and that afterwards they didn't deserve to live."<sup>23</sup>

### CHILE, 1964–73

Salvador Allende was the worst possible scenario for the Washington power elite, who could imagine only one thing worse than a Marxist in power—an *elected* Marxist in power, one who respected the Constitution, and became increasingly popular. This shook the very foundation stones upon which the anti-Communist tower was built: the doctrine, painstakingly cultivated for decades, that "Communists" can take power only through force and deception, that they can retain that power only through terrorizing and brainwashing the population.

After sabotaging Allende's electoral endeavor in 1964, and failing to do so in 1970, despite their best efforts, the CIA and the rest of the American foreign policy machine left no stone unturned in their attempt to destabilize the Allende government over the next three years, paying particular attention to undermining the economy and building up military hostility. Finally, in September 1973, the military, under General Augusto Pinochet, overthrew the government, Allende dying in the process.

Thus it was that they closed the country to the outside world for a week, while the tanks rolled in and the soldiers broke down doors; the stadiums rang with the sound of executions and the bodies piled up in the streets and floated down the river; the torture centers opened for business, dogs trained to sexually molest female prisoners were set loose; subversive books were thrown on bonfires; soldiers slit the trouser legs of women, shouting that "In Chile women wear dresses!"; the poor returned to their natural state; and the men of the world in Washington and in the halls of international finance opened their checkbooks. In

the end, more than 3,000 were executed, thousands more disappeared, tens of thousands were tortured.<sup>24</sup>

The FBI accommodated the new government by trying to track down Chilean leftists in the United States, while Secretary of State Henry Kissinger assured Pinochet that “In the United States, as you know, we are sympathetic with what you are trying to do here. ... We wish your government well.”<sup>25</sup>

#### GREECE, 1967–74

A military *coup* took place in April 1967, just two days before the campaign for national elections was to begin, elections which appeared certain to bring the veteran liberal leader George Papandreou back as prime minister. The operation had been a joint effort of the Royal Court, the Greek military, the CIA, and the American military stationed in Greece, and was followed immediately by the traditional martial law, censorship, arrests, beatings, and killings, the victims killed totaling some 8,000 in the first month. This was accompanied by the equally traditional declaration that this was all being done to save the nation from a “communist takeover.” Torture, inflicted in the most gruesome of ways, often with equipment supplied by the United States, became routine.

George Papandreou was not a radical. He was a liberal, anti-Communist type. But his son Andreas, the heir-apparent, while only a little to the left of his father, had not disguised his wish to take Greece out of the Cold War, and had questioned remaining in NATO, at least as a satellite of the United States.

Andreas Papandreou had been arrested at the time of the *coup* and was held in prison for eight months. Shortly after his release, he and his wife Margaret visited the American ambassador, Phillips Talbot, in Athens. Papandreou related the following:

I asked Talbot whether America could have intervened the night of the *coup*, to prevent the death of democracy in Greece. He denied that they could have done anything about it. Then Margaret asked a critical question: What if the coup had been a Communist or a Leftist coup? Talbot answered without hesitation. Then, of course, they would have intervened, and they would have crushed the *coup*.

#### SOUTH AFRICA, 1960s–1980s

The CIA collaborated closely with South African intelligence, one of the principal focuses being the African National Congress, the leading

anti-apartheid organization which had been banned and exiled. The Agency cooperated in suppressing internal dissent, provided specific warnings of planned attacks by the ANC, and information about ANC members residing in neighboring countries; on at least one occasion, in Mozambique 1981, this led to South Africa sending an assassination squad to wipe out the fingered individuals. The CIA was also responsible for the capture of ANC leader Nelson Mandela. Additionally, for a number of years in the 1970s and 1980s, the US supported South Africa in the UN, and the CIA violated the UN's arms embargo against South Africa (of which the US was a declared supporter) by covertly providing the country with weapons and supporting its efforts to militarily determine the political makeup of Southern Africa.<sup>26</sup>

#### BOLIVIA, 1964–75

An armed popular revolt in 1952 had defeated the military and reduced it to a small, impotent, and discredited force. But under US guidance and aid, there was a slow but certain rejuvenation of the armed forces. By 1964, the military, with the indispensable support of the CIA and the Pentagon, was able to overthrow President Victor Paz, whom the United States had designated a marked man because of his refusal to support Washington's Cuba policies. The US continued to dictate who should lead Bolivia long after.

In 1967, a CIA operation, employing some of the Agency's Cuban exile agents, tracked down Che Guevara, resulting in his summary execution.

#### AUSTRALIA, 1972–75

The CIA channeled millions of dollars to the Labor Party's opposition, but failed to block Labor's election. When the party took power in December 1972, it immediately rankled Washington by calling home Australian military personnel from Vietnam and denouncing US bombing of Hanoi, among other actions against the war. The government also displayed less than customary reverence for the intelligence and national security games so dear to the heart of the CIA. Edward Gough Whitlam, the new prime minister, was slowly but surely sealing his fate. Through complex supra-legal maneuvering, the US, the British, and the Australian opposition were eventually able to induce Governor-General John Kerr—who had a long history of involvement with CIA fronts—to “legally” dismiss Whitlam in 1975.

## IRAQ, 1972–75

As a favor to a very important ally, the Shah of Iran, President Nixon and National Security Advisor Henry Kissinger provided military aid to the Kurds fighting for their autonomy in Iraq, Iran's perennial foe. Though the military aid was to total some \$16 million, the object—unknown to the Kurds—was not to win them their autonomy, but to sap the Iraqi resources and distract them from Iran. Said a CIA memo of 1974: "Iran, like ourselves, has seen benefit in a stalemate situation ... in which Iraq is intrinsically weakened by the Kurds' refusal to relinquish semi-autonomy. Neither Iran nor ourselves wish to see the matter resolved one way or the other." The congressional Pike Committee, later investigating the CIA, commented: "This policy was not imparted to [the Kurds], who were encouraged to continue fighting. Even in the context of covert action, ours was a cynical enterprise."

In 1975, oil politics brought Iraq and Iran together, and the latter, along with the United States, abandoned the Kurds to a terrible fate. At a crucial point, the Kurds were begging Kissinger for help, but he ignored their pleas. Kurd forces were decimated; several hundred of their leaders were executed. Later, when questioned about this by the Pike Committee, Kissinger responded: "Covert action should not be confused with missionary work."<sup>27</sup>

## PORTUGAL, 1974–76

A bloodless military *coup* in 1974 brought down the US-supported, 48-year fascist regime which was the world's only remaining colonial power. This was followed by a program centered on nationalization of major industries, workers' control, a minimum wage, land reform, and other progressive measures. Washington and multinational officials—"the board of directors of the planet"—were concerned. Destabilization became the order of the day: covert actions; attacks in the US press; subverting trade unions; subsidizing opposition media; economic sabotage through international credit and commerce; heavy financing of selected candidates in elections; a US cut-off of Portugal from certain military and nuclear information commonly available to NATO members; NATO naval and air exercises off the Portuguese coast, with 19 NATO warships moored in Lisbon's harbor, regarded by most Portuguese as an attempt to intimidate the provisional government.<sup>28</sup> The Portuguese revolution was doomed. The CIA-financed candidates took and retained power for years.

## EAST TIMOR, 1975–99

While East Timor was undergoing a process of decolonization from Portugal in 1975, various political groupings were formed on the island. In August one of the parties, the UDT, attempted a *coup* against Portuguese rule, which was almost certainly instigated by Indonesia. A brief civil war broke out, in which a movement of the left, Fretilin, gained the upper hand. By September, Fretilin had prevailed and in November declared East Timor's independence from Portugal. Nine days later, Indonesia invaded East Timor. The invasion was launched the day after US President Gerald Ford and Secretary of State Henry Kissinger had left Indonesia after giving President Suharto permission to use American arms, which, under US law, could not be used for aggression. Indonesia was Washington's most valuable ally in Southeast Asia, and, in any event, the United States was not inclined to look kindly on any leftist government.<sup>29</sup>

Indonesia soon achieved complete control over East Timor, with the help of American arms and diplomatic support. Daniel Moynihan, who was US ambassador to the UN at the time, later wrote that the "United States wished things to turn out as they did, and worked to bring this about. The Department of State desired that the United Nations prove utterly ineffective in whatever measures it undertook. This task was given to me, and I carried it forward with no inconsiderable success."<sup>30</sup>

Amnesty International estimated that by 1989, Indonesian troops had killed 200,000 people out of a population of between 600,000 and 700,000. The United States stood virtually alone in the world with its consistent support of Indonesia's claim to East Timor, and downplayed the slaughter to a remarkable degree. At the same time it supplied Indonesia with all the military hardware and training it needed to carry out the job. Despite denials to the contrary, Washington continued this military aid up to and including the period of extensive massacres of pro-independence Timorese in 1999 by Indonesian soldiers and their militia allies.<sup>31</sup>

In 1995, a senior official of the Clinton administration, speaking of Suharto, said: "He's our kind of guy."<sup>32</sup>

## ANGOLA, 1975–1980s

The United States, China, and South Africa supported one side of the civil war, while the Soviet Union and Cuba supported the other. It dragged on bloodily, horribly, and pointlessly for decades, and simmers yet—perhaps half a million lives lost, widespread hunger,

and what is said to be the highest amputee rate in the world, caused by the innumerable land mines. In the early years Henry Kissinger personally prevented what might well have been a peaceful solution, but the man was wholly obsessed with countering Soviet moves anywhere on the planet—significant or trivial, real or imagined, fait accompli or anticipated. In the 1990s, Washington tried to rein in its client, Jonas Savimbi, head of UNITA, to keep him from prolonging the war, but it would have been immensely better for the people of Angola if the US had not intervened at all in Angolan politics beginning in the early 1960s. The Russians would then have had no interest. Nor Henry Kissinger.

#### JAMAICA, 1976

Prime Minister Michael Manley got on Washington's bad side, by supporting the wrong faction in Angola, by establishing diplomatic relations with Cuba, and by going up against the transnational aluminum companies. The United States employed many tactics in an attempt to defeat Manley's bid for reelection in 1976, but failed.<sup>33</sup>

#### HONDURAS, 1980s

The US turned Honduras into a de facto colony in the early 1980s, a military base with thousands of American troops, to support counter-insurgency operations in El Salvador and Guatemala and, above all, to serve as a staging area, supply center, and refuge for the Contras and their war against the Nicaraguan government. Inasmuch as the uninterrupted continuance of such operations required a quiescent population, the US gave the Honduran military and police the training, arms, equipment, and funds needed to suppress dissidents efficiently—the anti-American types (who mockingly referred to their country as the USS *Honduras*), those involved in solidarity campaigns for the Salvadoran rebels and the Sandinistas of Nicaragua, and those striving for social change within Honduras, though still far from becoming a guerrilla threat.<sup>34</sup> “American diplomats,” observed the *New York Times* in 1988, “exercise more control over domestic politics in Honduras than in any other country in the hemisphere, and in private that fact is universally acknowledged here.”<sup>35</sup>

#### NICARAGUA, 1978–90

When the Sandinistas overthrew the dictatorship of Anastasio Somoza in 1979, it was clear to Washington that they might well be that long-

dreaded beast—“another Cuba.” Under President Carter, attempts to sabotage the revolution took diplomatic and economic forms. Under President Reagan, violence was the method of choice. For eight long terrible years, the people of Nicaragua were under attack by Washington’s proxy army, the Contras, formed from Somoza’s vicious National Guardsmen and other supporters of the dictator. It was all-out war, aiming to destroy the progressive social and economic programs of the government, burning down schools and medical clinics, raping, torturing, mining harbors, bombing, and strafing. These were the charming gentlemen Reagan liked to call “freedom fighters.”

In 1990, the US seriously interfered in national elections, resulting in the defeat of the Sandinistas.<sup>36</sup>

As with Cuba, we will never know what kind of progressive society the Sandinistas might have created if allowed to live in peace and not felt the need to spend half their budget on fighting a war. Oxfam, the international development organization, said that from its experience of working in 76 developing countries, Nicaragua under the Sandinistas was “exceptional in the strength of that government’s commitment ... to improving the condition of the people and encouraging their active participation in the development process.”<sup>37</sup>

A decade after returning to the rule of the free market, Nicaragua had become one of the poorest nations in the hemisphere, with more than half its people suffering from malnutrition and with illiteracy widespread.

### PHILIPPINES, 1970s–1990s

Another scenario of poverty, social injustice, death squads, torture, etc. leading to wide-ranging protest and armed resistance ... time once again for the US military and CIA to come to the aid of the government in suppressing such movements. In 1987 it was revealed that the Reagan administration had approved a \$10 million, two-year plan for increased CIA involvement in the counter-insurgency campaign.<sup>38</sup>

The CIA undertook large-scale psychological warfare operations and US military advisors routinely accompanied Philippine troops during their maneuvers.<sup>39</sup> The Philippines has long been the most strategic location for US war-mongering in Asia, the site of several large American military bases, which have been the object of numerous protests by the citizens. In 1991, the US embassy informed the media that embassy polls indicated that 68 per cent, 72 per cent, even 81 per cent of the Philippine people favored the bases. The polls, however, were a fiction: “I made the numbers up,” an embassy official conceded.<sup>40</sup>

## SEYCHELLES, 1979–81

The country's leader, France Albert René, amongst other shortcomings in the eyes of Washington, was a socialist, pursued non-alignment, wanted to turn the Indian Ocean into a nuclear-free zone, and was not happy that his island nation was the home of a US air force satellite tracking station. For this he was the object of various US destabilization conspiracies beginning in 1979. In November 1981, the CIA reportedly was behind a mercenary invasion of the country, which originated in South Africa and got no further than an armed battle at the Seychelles airport.<sup>41</sup>

## SOUTH YEMEN, 1979–84

Partly to cater to the wishes of neighbouring Saudi Arabia, and partly as Cold War reflex, the US supported paramilitary forces in South Yemen to undermine the government, which was perceived as the proverbial “Soviet satellite,” as opposed to North Yemen, which was seen as the proverbial “pro-Western” good guys. North and South had been fighting on and off for years. The US sent North Yemen military aid and trained paramilitary forces to blow up bridges and carry out other acts of sabotage in the South. In March 1982, a 13-man paramilitary team was captured in the South; under torture, they confessed (honestly) to a CIA training connection and twelve were executed; the operation soon came to an end. Reagan's CIA Director, William Casey, a genuine anti-Soviet primitive, had been convinced that the South Yemenis were part of a Soviet-run international terrorist network, along with Cubans, the Italian Red Brigades, and the IRA.<sup>42</sup> In reality, since 1979, the Soviet Union had been providing military support and advisers to both North and South, sometimes at the same time, and even helped North Yemen to put down a left-wing guerrilla movement.<sup>43</sup> In 1990, North and South combined into one country, the Republic of Yemen. The Cold War as vaudeville.

## SOUTH KOREA, 1980

In May, the United States—which had the first and last word on matters military in South Korea—acting on a government request, released some South Korean forces from the combined US–Korean command to be used by military strongman Chun Doo Hwan to suppress an uprising of students and workers in the city of Kwangju.<sup>44</sup> The protestors were pressing for an end to martial law, the arrest of dissidents and their



families and friends, fraudulent elections, torture, and unmet social needs. A brutal crackdown followed, estimates of the death toll ranging between several hundred and 2,000, with a number of gross atrocities committed by the armed forces.<sup>45</sup> The US support came from the Carter administration, heralded as human rights advocates. Said a State Department spokesman: "Our situation, for better or worse, is that Korea is a treaty ally, and the US has a very strong security interest in that part of the world."<sup>46</sup>

In February 1981, Chun was honored by being invited to the White House as President Reagan's first state visitor; the US and South Korea engaged in the first joint military exercises of the new administration; the administration asked Congress to delay publication of the annual worldwide report on human rights while the South Korean president was still in Washington, to avoid embarrassing him; and Reagan, in his toast to Chun, was moved to declare: "You've done much to strengthen the tradition of 5,000 years' commitment to freedom."<sup>47</sup> In 1996, a Korean court convicted Chun of treason and murder, and sentenced him to death for his role in the Kwangju massacre.

#### CHAD, 1981–82

The Reagan administration's obsession with Moammar Qaddafi of Libya knew no limits: geographical, legal, or ethical. Libya maintained a military force in neighboring Chad at the request of that government—which was faced with armed insurgents—and to serve Libya's desire for a friendly government on its border. The United States wanted to replace the Chadian government with one inimical to Libya, at the same time giving free rein to anti-Qaddafi Libyan exiles in Chad to mount attacks on Libya from across the border.

Thus it was that the US, along with France, the former colonial power in Chad, employed bribes and exerted political pressure to induce the Chad government to ask the Libyans to leave—which Libya reluctantly did—and to replace them with forces of the Organization of African Unity. The OAU was given a vague mandate to maintain security in Chad. This proved to be something of a Trojan horse. The CIA rebuilt an opposition Chadian force in the Sudan and provided it with money, arms, political support, and technical assistance. Then, as the OAU stood by doing nothing, this army, led by Hissen Habré, succeeded in overthrowing the Chadian government in June 1982.<sup>48</sup>

With US support, Habré went on to rule for eight years, during which time his secret police reportedly killed tens of thousands, tortured as many as 200,000, and an undetermined number disappeared. In 2000,

some of his torture victims succeeded in having him indicted in Senegal, where he resided, calling him “Africa’s Pinochet.”<sup>49</sup>

#### GRENADA, 1979–83

How impoverished, small, weak, or far away must a country be before it is not a threat to the US government? In a 1979 *coup*, Maurice Bishop and his followers had taken power in this island country of 110,000, and though their policies were not as revolutionary as Castro’s, Washington was again driven by its fear of “another Cuba,” particularly when public appearances by the Grenadian leaders in other countries of the region met with great enthusiasm.

Reagan administration destabilization tactics against the Bishop government began soon after the *coup*, featuring outrageous disinformation and deception. Finally came the invasion in October 1983, which put into power individuals more beholden to US foreign policy objectives. The US suffered 135 killed or wounded; there were also some 400 Grenadian casualties, and 84 Cubans, mainly construction workers. The invasion was attended by yet more transparent lies, created by Washington to justify its gross violations of international law.

#### SURINAME, 1982–84

A plot by the United States to overthrow the government because it allegedly was falling into “the Cuban orbit.” It was to be an invasion by some 300 men, half US and South American and half Surinamese. The CIA had actually informed Congress of its plan to use a paramilitary force, which President Reagan had authorized. Congress was not enthused, but William Casey and his CIA cowboys went ahead with their planning anyway, and were induced to call it off only after the scheme was discovered by the internal security agency of the Netherlands, the former colonial power in Suriname, when it was known as Dutch Guiana.

#### LIBYA, 1981–89

The official reason for the Reagan administration’s intense antipathy towards Moammar Qaddafi was that he supported terrorism. In fact, the Libyan leader’s crime was not his support for terrorist groups *per se*, but that he was supporting the *wrong* terrorist groups, i.e., Qaddafi was not supporting the same terrorists that Reagan was, such as the Nicaraguan Contras, UNITA in Angola, Cuban exiles in Miami, the

governments of El Salvador and Guatemala, and the US military in Grenada. The one band of terrorists the two men supported in common was the Mujahedeen in Afghanistan.

On top of this, Washington has a deep-seated antipathy toward Middle East oil-producing countries that it cannot control. Qaddafi was uppity, and he had overthrown a rich ruling clique and instituted a welfare state. He and his country would have to be put in their place. In 1981, US planes shot down two Libyan planes in Libyan air space. Five years later, the United States bombed one of Qaddafi's residences, killing scores of people. There were other attempts to assassinate the man, operations to overthrow him, economic sanctions, and a major disinformation campaign reporting one piece of nonsense after another, including conspicuous exaggerations of his support for terrorism, and shifting the blame for the 1988 bombing of PanAm 103 to Libya and away from Iran and Syria when the Gulf War campaign required the support of the latter two countries. To Washington, Libya was like magnetic north: the finger always pointed there.

#### FIJI, 1987

Prime Minister Timoci Bavrada was ousted in a military *coup* only a month after taking office in April following a democratic election. Bavrada, of the Labour Party, made Washington officials unhappy by identifying himself with the non-aligned movement, and even more so by taking office with a pledge to reinstate Fiji as a nuclear-free zone, which would have meant that nuclear-powered or nuclear weapons-carrying ships could not make port calls. When Bavrada's predecessor, R.S.K. Mara, instituted the same policy in 1982, he was put under great US pressure to drop it. Said the former US ambassador to Fiji that year, William Bodde, Jr, "a nuclear-free zone would be unacceptable to the US, given our strategic needs. The US must do everything possible to counter this movement."<sup>50</sup> The following year, Mara dropped the policy. Bavrada would clearly not be so easily swayed. He had taken office as part of a nuclear-free Pacific coalition.

Two weeks after Bavrada took office, American UN Ambassador Vernon Walters visited the island. The former deputy director of the CIA has had a history of showing up shortly before, during, or shortly after CIA destabilization operations. Walters met with Bavrada, ostensibly to discuss UN matters. He also met with Lt. Col. Sitiveni Rabuka, third in command of the army. Two weeks later, Rabuka led a military *coup* which ousted Bavrada.

During Bavrada's month in office, a multi-layered "Libyan scare" campaign suddenly and inexplicably broke out in the Pacific area. The Reagan administration had already been exposed for its phoney Libya scare campaign in the United States. When the Fiji *coup* took place, Rabuka and his supporters pointed to the Libyan "threat" as justifying the *coup*.<sup>51</sup>

There are more of such "coincidences" in this drama, including appearances in Fiji before the *coup* of the National Endowment for Democracy and its funding, some of the CIA's labor mafia, and units of the US military in the Pacific.<sup>52</sup>

The day after the coup, a Pentagon source, while denying US involvement, declared: "We're kinda delighted ... All of a sudden our ships couldn't go to Fiji, and now all of a sudden they can."<sup>53</sup>

### PANAMA, 1989

Just weeks after the fall of the Berlin Wall, the United States expressed its joy that a new era of world peace was now possible by invading Panama, as Washington's mad bombers struck again. On December 20, 1989, a large tenement *barrio* in Panama City was wiped out; 15,000 people were left homeless. Counting several days of ground fighting between US and Panamanian forces, around 500 natives dead was the official body count—i.e., what the United States and the new, US-installed Panamanian government admitted to. Other sources, examining more evidence, concluded that thousands had died. Additionally, some 3,000 Panamanians were wounded, and 23 Americans died and, 324 were wounded.

Question from reporter: "Was it really worth it to send people to their death for this? To get Noriega?"

George Bush: "Every human life is precious, and yet I have to answer, yes, it has been worth it."

Manuel Noriega had been an American ally and informant for years until he outlived his usefulness. But getting him was hardly a major motive for the attack. Bush wanted to send a clear message to the people of Nicaragua, who had an election scheduled in two months, that this might be their fate if they re-elected the Sandinistas. Bush also wanted to flex some military muscle to illustrate to Congress the need for a large, combat-ready force despite the very recent dissolution of the "Soviet threat." The official explanation for the American ouster was Noriega's drug trafficking, which Washington had known about for years and had not been at all bothered by. And they could easily

have gotten their hands on the man without wreaking such terrible devastation upon the Panamanian people.<sup>54</sup>

### AFGHANISTAN, 1979–92

The striking repression of women in Afghanistan carried out by the Taliban Islamic fundamentalists is well known. Much less publicized is that in the late 1970s and most of the 1980s Afghanistan had a government committed to bringing the incredibly underdeveloped country into the twentieth century (never mind the twenty-first), including giving women equal rights. The United States, however, poured billions of dollars into waging a terrible war against this government, simply because it was supported by the Soviet Union. By aiding the fundamentalist opposition, Washington knowingly and deliberately increased the probability of a Soviet intervention.<sup>55</sup> And when that occurred, the CIA became the grand orchestrator: hitting up Middle Eastern countries for huge financial support, on top of that from Washington; pressuring and bribing neighboring Pakistan to rent out its country as a military staging area and sanctuary; supplying a great arsenal of weaponry and military training.

In the end, the United States and the Taliban “won,” and the women, and the rest of Afghanistan, lost. More than a million dead, three million disabled, five million refugees; in total about half the population.

### EL SALVADOR, 1980–92

El Salvador’s dissidents tried to work within the system. But with US support, the government made that impossible, using repeated electoral fraud and murdering hundreds of protestors and strikers. In 1980, the dissidents took to the gun, and civil war erupted. Washington’s response was immediate.

Officially, the US military presence in El Salvador was limited to an advisory capacity. In actuality, military and CIA personnel played a more active role on a continuous basis. About 20 Americans were killed or wounded in helicopter and plane crashes while flying reconnaissance or other missions over combat areas, and considerable evidence surfaced of a US role in the ground fighting as well. The war officially came to an end in 1992 with these results: 75,000 civilian deaths; the US Treasury depleted by \$6 billion; meaningful social change thwarted; a handful of the wealthy still own the country; the poor remain as ever; dissidents still have to fear right-wing death squads; there would be no profound social change in El Salvador.

## HAITI, 1987–94

The US supported the Duvalier family dictatorship for 30 years, then opposed the reformist priest, Jean-Bertrand Aristide. Meanwhile, the CIA was working intimately with death squads, torturers, and drug traffickers. With this as background, in 1994 the Clinton White House found itself in the awkward position of having to pretend—because of all their rhetoric about “democracy”—that they supported the democratically elected Aristide’s return to power after he had been ousted in a 1991 military coup. After delaying his return for more than two years, Washington finally had its military restore Aristide to office, but only after obliging the priest to guarantee that he would not help the poor at the expense of the rich, literally; and that he would follow free market economics. This meant that Haiti would continue to be the assembly plant of the Western Hemisphere, with its workers receiving starvation wages, literally. If Aristide had thoughts about breaking the agreement forced upon him, he had only to look out his window—US troops were stationed in Haiti for the remainder of his term.

## BULGARIA, 1990–91

In November 1999, President Clinton visited Bulgaria and told a crowd in its capital, Sofia, that he hailed them for throwing off Communism and holding fair elections.<sup>56</sup> What he failed to mention was that after one of their fair elections had been won by the Communists, the US government had proceeded to overthrow them.

In 1990, the National Endowment for Democracy (NED) poured more than \$1.5 million into Bulgaria in an attempt to defeat the Bulgarian Socialist Party (BSP—the former Communist Party) in the June 1990 national election. On the basis of population, this was equivalent to a foreign power injecting some \$38 million into an American electoral campaign. The main recipient of NED largesse was the leading opposition party, the Union of Democratic Forces, which received \$517,000, in addition to its newspaper receiving \$233,000.<sup>57</sup> Much to the shock and dismay of Washington, the BSP won.

This would not do. Washington’s ideological bottom line was that the BSP could not, and would not, be given the chance to prove that a democratic, socialist-oriented mixed economy could succeed in Eastern Europe while the capitalist model was already beginning to disillusion people all around it. NED stepped in with generous funding and advice to the specific opposition groups which carried out a campaign of chaos lasting almost five months: very militant and disruptive street

demonstrations, paralyzing labor strikes, sit-ins, hunger strikes, arson, parliament was surrounded, the government was under siege—until finally the president was forced to resign, followed by some of his ministers; lastly, the prime minister gave up his office.

In 1991, NED again threw hundreds of thousands of dollars into the election; this time, what NED calls the “democratic forces” won.<sup>58</sup>

#### ALBANIA, 1991–92

A tale very similar to that of Bulgaria. A Communist government won overwhelming endorsement in the March 1991 elections, followed immediately by two months of widespread unrest, including street demonstrations and a general strike lasting three weeks, which finally led to the collapse of the new government by June.<sup>59</sup> NED had been there also, providing \$80,000 to the labor movement and \$23,000 “to support party training and civic education programs.”<sup>60</sup>

A second election was held in March 1992. During the election campaign, US political strategists and diplomats, including the American ambassador, openly accompanied candidates of the Democratic Party (the Communists’ chief opposition) on their stumping tours and got out the message that said—frankly and explicitly—If the Communists win again, there will be no US aid, and “a lot of Western investors and governments are going to direct their aid elsewhere.” The NED, once again, was there with all kinds of goodies for “the good guys,” including brand new Jeep Cherokees.<sup>61</sup> The Democratic Party won.

#### SOMALIA, 1993

It was supposed to be a mission to help feed the starving masses. Before long, the US was trying to redraw the country’s political map by eliminating the dominant warlord, Mohamed Aidid, and his power base. On many occasions, beginning in June, US helicopters strafed groups of Aidid’s supporters and fired missiles at them. Scores were killed. Then, in October, a daring attempt by some 120 elite American forces to kidnap two leaders of Aidid’s clan resulted in a horrendous bloody battle. The final tally was five US helicopters shot down, 18 Americans dead, 73 wounded; 500–1,000 Somalians killed, many more injured.

It’s questionable that getting food to hungry people was as important as the fact that four American oil giants were holding exploratory rights to large areas of land and were hoping that US troops would put an end to the chaos which threatened their high-value investments. There was also the Pentagon’s ongoing need to sell itself to those in Congress

who were trying to cut the military budget in the post Cold War world. “Humanitarian” actions and (unnecessary) amphibious landings by US marines on the beach in the glare of TV cameras were thought to be good selling points. Washington designed the operation in such a way that the show would be run by the US military and not the United Nations, under whose aegis it supposedly fell.

In any event, by the time the marines landed, the worst of the famine was over. It had peaked months before.<sup>62</sup>

### IRAQ, 1990s

Mental hospitals and prisons are filled with people who claim to have heard voices telling them to kill certain people, often people they’d never met, people who’d never done them any harm, or threatened any harm.

American soldiers went to the Middle East to kill the same kind of people after hearing a voice command them: the voice of George Bush.

Relentless bombing for more than 40 days and nights, against one of the most advanced nations in the Middle East, devastating its ancient and modern capital city; 177 million pounds of bombs falling on the people of Iraq, the most concentrated aerial onslaught in the history of the world to that time; depleted uranium weapons incinerating people, causing cancers and sundry congenital problems; blowing up chemical and biological weapon and oil facilities, a terrible poisoning of the atmosphere; burying soldiers alive, deliberately; the infrastructure destroyed, with dreadful effects on health; sanctions continued into the twenty-first century, multiplying the health problems; more than a million children dead from all of these factors, even more adults. UNICEF, in an August 1999 report, stated that in southern and central Iraq, the death rate for children under five had more than doubled in the years of the sanctions.

Until the present day, the US and Great Britain have continued to launch missiles against the burned-out ashes called Iraq, as their planes fly over the country on virtually a daily basis, the authority for which Washington and London derive from each other. In the first eight months of 1999, the two countries flew some 10,000 sorties over Iraq, unleashing more than 1,000 bombs and missiles on more than 400 targets, killing or wounding many hundreds of people. Said US Brigadier General William Looney, a director of this operation:



If they turn on their radars we're going to blow up their goddamn SAMs. They know we own their country. We own their airspace. ... We dictate the way they live and talk. And that's what's great about America right now. It's a good thing, especially when there's a lot of oil out there we need.<sup>63</sup>

It can be said that the United States has inflicted more vindictive punishment and ostracism upon Iraq than upon Germany or Japan after World War II.

Noam Chomsky, in an interview with Robert MacNeil, on the Public Broadcasting System (September 11, 1990), said:

It's been a leading, driving doctrine of US foreign policy since the 1940s that the vast and unparalleled energy resources of the Gulf region will be effectively dominated by the United States and its clients, and, crucially, that no independent, indigenous force will be permitted to have a substantial influence on the administration of oil production and price.

This may have been Iraq's crime, not that they invaded Kuwait in 1990, an invasion encouraged by the United States and provoked by Washington's close ally, Kuwait, itself; an invasion that gave the US all the pretext it needed to take action. Iraq's invasion was, after all, no more than Indonesia had done to East Timor, with Washington's blessing.

#### PERU, 1990s–PRESENT

For more than a decade the US has provided Peru with an unending stream of military advisors and trainers, Navy Seals and Green Berets, all manner of arms and equipment, surveillance flights, radar stations in the Andes, whatever—all to one of the most dictatorial and repressive regimes in the Western Hemisphere, condemned by Amnesty International, Human Rights Watch/Americas, and State Department Human Rights reports for its medieval prisons, routine torture, and other human rights violations, led by an autocrat named Alberto Fujimori.

For what purpose has this support been rendered? The official Washington explanation is to fight drugs. But whereas four air force officers, including one of Fujimori's personal military pilots, were arrested after 383 pounds of cocaine were found on their military plane; on four separate occasions cocaine was seized from navy ships, totaling 220 pounds;<sup>64</sup> Fujimori's closest advisor, Vladimir Montesino,

has a history of being a drug kingpin, and formerly a lawyer for drug traffickers;<sup>65</sup> Montesino, who has long been on the CIA payroll, runs the intelligence service, which also has its hands deep into the drug cookie jar and was publicly condemned by the US Senate in 1999 for its corruption;<sup>66</sup> and the military is known to have tipped off drug traffickers to Drug Enforcement Agency raids and physically protected the traffickers' cocaine caches from seizure by the police.<sup>67</sup> What can Washington possibly be thinking?

They're thinking the usual: helping the government suppress guerrilla movements is the main priority. In 1997, Fujimori ordered the summary execution of 14 leftists, most of them very young, who had taken over the Japanese ambassador's home to press for human rights and economic improvements, and tried to surrender peacefully before being shot in cold blood. The commandos who carried out the raid received training and sophisticated technological help from the United States for their operation, including overflights of the RU-38A airplane, which can photograph a building and gauge the thickness of its walls, amongst a host of other details crucial to planning the raid.<sup>68</sup>

The United States did not aid in the execution of these young people because of drug trafficking.

### MEXICO, 1990s–PRESENT

The Mexican government “will need to eliminate the Zapatistas to demonstrate their effective control of the national territory and of security policy. ... [and] will need to consider carefully whether or not to allow opposition victories if fairly won at the ballot box.” Thus reads a 1995 memorandum from Riordan Roett, a consultant on Latin America's emerging markets, working for Chase Manhattan Bank in New York.<sup>69</sup>

He was speaking of the movement of indigenous people in Mexico who were, and still are, demanding economic and political rights and their autonomy. These desires, however, conflict with the needs of NAFTA and other components of the globalized economy, which want the Zapatistas out of certain areas—or at least not claiming ownership to the land—for various reasons—oil and other natural resources being amongst them—as well as the decidedly bad example being set for other Mexican and Central American peasants. NAFTA's plans call for the “subsistence” agriculture long practiced by the indigenous people to be “modernized”; i.e., to produce “high-profit” export crops, such as rubber and lumber.<sup>70</sup>

In the name of fighting drugs, the United States has poured hundreds of millions of dollars of military aid and training into Mexico, bringing in the usual complement of American police agents, Army advisors, CIA operatives, and Special Forces.<sup>71</sup> And all in support of a remarkably corrupt government, military, “paramilitary,” and police, many of whom are involved in drug trafficking themselves, carry out massacres, and regularly engage in torture and other violations of human rights.<sup>72</sup> The Zapatistas claim that US and Argentinian advisors have been providing training to the paramilitaries, the main force behind this newest “dirty war,” so terribly familiar to Latin America.<sup>73</sup>

The American military aid has included sophisticated surveillance technology to track the Zapatistas in forests and hills, and hundreds of helicopters, which have been used to attack communities with machine-guns, rockets, and bombs. Such US aid and training is, still, commonplace in the third world. In an excellent series on the subject in 1998, the *Washington Post* pointed out that:

[Even] where armed domestic opposition is negligible or nonexistent, U.S. forces are teaching armies how to track down opponents, surprise them in helicopter attacks, kill them with more proficiency, or, in some cases, how to lead house-to-house raids in “close quarters combat” designed for cities.<sup>74</sup>

Much of the military aid to Mexico has been in violation of congressional laws banning military assistance to foreign security units guilty of human rights violations.<sup>75</sup>

Oddly enough, no one accuses the Zapatistas of being involved with drug trafficking, so Washington’s effective participation in the war being waged against them can only be seen in ideological terms.

### COLOMBIA, 1990s–PRESENT

By the end of the decade, Colombia—the most violent nation in the world—had become the third largest recipient of US military aid, with hundreds of American military personnel posted there in a growing number of military and radar bases to aid in counterinsurgency actions against leftist guerrillas. The US has aided government bombing raids and other military functions by providing helicopters, intelligence information about guerrilla movements, satellite images, and communications intercepts. At times, US planes fly overhead during combat operations. The guerrillas claim that Americans are

conducting covert counter-insurgency operations and warned that they will be targeted.<sup>76</sup>

Again, the public rationale given for taking sides in a civil war has been “to fight drugs.” To drive home this point, US drug czar Barry McCaffrey routinely refers to the leading guerrilla group, FARC, as “narco-traffickers.” But the DEA’s acting administrator testified in 1999 that the DEA had “not yet really come to the conclusion” that “the FARC and ELN are drug trafficking entities *per se*,”<sup>77</sup> even though the guerrillas do finance themselves in part through protecting and “taxing” drug producers.

However, the main recipient of the American aid, the Colombian military, is involved in drug trafficking, at the same time as being intimately linked to paramilitary forces which are also active in drug trafficking and in protecting drug producers.<sup>78</sup> In November 1998, a Colombian air force cargo plane that landed at Ft Lauderdale, Florida, was found to contain 1,639 pounds of cocaine. In 1996, Colombian air force officers tried to smuggle heroin into the United States aboard the plane used by then-President Ernesto Samper.<sup>79</sup> Samper himself was labeled a “drug trafficker” by a senior Clinton administration official.<sup>80</sup>

As Senator Patrick Leahy (D-Vt.) pointed out in 1999: “What we are really seeing [in Columbia] is a ratcheting up of a counter-insurgency policy masquerading as a counter-drug policy.”<sup>81</sup>

In a 1994 report, Amnesty International estimated that more than 20,000 people had been killed in Colombia since 1986, mainly by the military and its paramilitary allies—“not in the ‘drug wars’ but for political reasons.” Many of the victims were “trade unionists, human rights activists and leaders of legal left-wing movements.” Amnesty charged that “U.S.-supplied military equipment, ostensibly delivered for use against narcotics traffickers, was being used by the Colombian military to commit these abuses in the name of counter-insurgency.”<sup>82</sup> As with Mexico, much of this aid is in violation of congressional human rights laws. The Pentagon has barely masked its scorn of these restrictions.<sup>83</sup>

A March 1997 letter signed by members of the House Foreign Operations Subcommittee to Secretary of State Madeleine Albright stated that “efforts by the Colombian government to take action to curb the increased abuses committed by paramilitary groups, or to curb extrajudicial executions, disappearances, torture, political killings and other forms of human rights abuses committed by security forces [i.e., the regular military] are not sufficient to warrant the provision

of over \$100 million in military assistance and the resumption of lethal aid.”<sup>84</sup>

The lethal aid, however, has continued. Washington suspects that the Colombian insurgents, if they ever took power, would not fit in very well in the globalized economy of the New World Order.

#### YUGOSLAVIA, 1995–99

In April 1996, President Clinton visited Russia during a pause in the brutal military struggle between Moscow and its breakaway province of Chechnya. At a press conference, the president declared:

You say that there are some who say we should have been more openly critical. I think it depends upon your first premise; do you believe that Chechnya is a part of Russia or not? I would remind you that we once had a Civil War in our country in which we lost on a per-capita basis far more people than we lost in any of the wars of the twentieth century over the proposition that Abraham Lincoln gave his life for, that no State had a right to withdraw from our Union.<sup>85</sup>

Three years later Clinton destroyed much of Yugoslavian civilized life and culture in Operation Bomb for Humanity, in effect rejecting the idea that Slobodan Milosevic had the right to try to prevent the province of Kosovo from withdrawing from the Federal Republic of Yugoslavia. The United States, under the cover of NATO, intervened in a civil war less violent than the American civil war; indeed, a lot less violent, and of shorter duration, than several other civil conflicts going on in the world at the same time, such as in Turkey, Sri Lanka, Indonesia/East Timor, Angola, and other places in Africa; and it was the supposed extreme (one-sided?) violence of Serbia against the Kosovars that tore at the heartstrings of the kindly American and NATO leaders.

To those who argue that the US cannot save the entire world, it must be pointed out that far from simply not saving certain peoples, Washington had been actively *supporting* Turkey and Indonesia for years in their mailed-fist military suppressions, and helped Croatia carry out, and then cover up, its ethnic cleansing of the Krajina Serbs in 1995.<sup>86</sup> Turkey, in fact, had nearly threatened to veto the NATO decision that it could act on Kosovo unless Ankara was assured that this policy would never be applied to Turkey’s treatment of Kurds.<sup>87</sup>

But it was imperative for the United States that certain principles be established: (1) that NATO—in the absence of the Cold War, the Soviet Union, and the Warsaw Pact—still had a purpose; (2) that NATO

had the right to intervene anywhere, even outside its geographical boundaries, and without having to seek explicit authority from the UN Security Council; and (3) that NATO was to be the military arm of the New World Order (corporate headquarters located in Washington, DC).

Yugoslavia was not inclined to adhere to these principles; nor, as we have seen, had the Serbs shown due reverence for joining the club of globalized American allies *cum* obedient junior partners. Most of their industry and financial sector was still state-owned. They had not even banned the word “socialism” from polite conversation. What mad raving dinosaurs! All in all, an ideal humanitarian bombing target. The fact that Milosevic was a dictator was of no strategic significance, except for its propaganda value.

So Yugoslavia, which for years had feared an attack from the East (the Soviet Union), was devastated by the Western “free world.” While the bombing attacks were being carried out, Serbian TV was also targeted, because it was broadcasting things *which the United States did not like*. The bombs took the lives of many of the station’s staff, and both legs of one of the survivors, which had to be amputated to free him from the wreckage.<sup>88</sup>

“Once you kill people because you don’t like what they say,” observed noted British foreign correspondent, Robert Fisk, “you change the rules of war.”<sup>89</sup>

Perhaps the strangest aspect of the whole conflict is the collective amnesia that appears to have afflicted countless intelligent, well-meaning people, who are convinced that the US/NATO bombing took place *after* the mass forced deportation of ethnic Albanians from Kosovo was well underway; which is to say that the bombing was launched to *stop* this “ethnic cleansing.” In actuality, the systematic forced deportations of large numbers of people did not begin until a few days after the bombing began, and was clearly a reaction to it, born of extreme anger and powerlessness. This is easily verified by looking at a daily newspaper for the few days before the bombing began the night of March 23/24, and the few days after. Or simply look at the *New York Times* of March 26, p. 1, which reads: “with the NATO bombing already begun, a deepening sense of fear took hold in Pristina [the main city of Kosovo] that the Serbs would *now* vent their rage against ethnic Albanian civilians in retaliation” (emphasis added).

On March 27, we find the first reference to a “forced march,” or anything of that sort.

But the propaganda version may already be carved in marble. It's the neatest con-game since the Church sprang 'papal infallibility' upon a gullible people.

### AFGHANISTAN, 2001 TO THE PRESENT

The United States asked the world to believe that its bombing of Afghanistan, begun in October 2001, was in direct retaliation for the attacks on New York and Washington on September 11. But amongst the thousands of victims of the American bombing and subsequent warfare not one was ever identified as having a connection to the events of that tragic day. The September 11 terrorists had chosen symbolic buildings to attack and the United States then chose a symbolic country to retaliate against. The attacks on Afghanistan killed more innocent civilians than were killed in the United States on September 11,<sup>90</sup> as well as taking the lives of countless "combatants" (i.e., anyone who defended against the invasion of the land they were living in). Most of the so-called "terrorists" of foreign nationality residing in Afghanistan at the time, including those training at al Qaeda camps, had come there to help the Taliban in their civil war; for them it was a religious mission, none of Washington's concern. The American occupation of Afghanistan served the purpose of setting up a new government that would be sufficiently amenable to Washington's international objectives, including the installation of military bases and electronic listening stations and the running of secure oil and gas pipelines through Afghanistan from the Caspian Sea region to the Indian Ocean once the country is pacified. American oil barons had their hearts set on this scenario for years. The oilmen had been quite open about it, giving frank testimony before Congress on the matter.<sup>91</sup> In addition to causing the death of thousands of Afghans, as of November 2003 the following were among the consequences of the US actions in Afghanistan: countless homes and other buildings have been destroyed; depleted uranium has begun to show its ugly face; the warlords have returned to extensive power; opium cultivation is booming; crime and violence are once again a daily fact of life in the cities' neighborhoods, which had been made safer by the Taliban; the president is nothing less than an American puppet (he and several of his ministers are actually Afghan-Americans); the country is occupied by foreign troops (i.e., American) who often treat the population badly, including the use of torture; US forces seize Afghans and take them away without explanation and keep them incommunicado indefinitely, some being sent to the twenty-first century's Devils Island in Guantanamo Base, Cuba; in Kabul,

the number of children suffering from malnutrition is almost double what it was before the American invasion;<sup>92</sup> Afghanistan has become a protectorate of the US and NATO. Although the awful Taliban regime has been removed, it must be kept in mind that the Taliban would never have come to power in the first place if the United States, in the 1980s and 1990s, had not played an essential role in the overthrow of a secular and fairly progressive government, which allowed women much more freedom than they'll ever have under the current government.

### IRAQ 2002–PRESENT

It was indeed remarkable—that the United States could openly announce to the world its determination to invade a sovereign nation and overthrow its government, a nation that had not attacked the US, that had not threatened to attack the US, that knew it would mean instant mass suicide for them if they attacked the US. American leaders told one story after another about why Iraq was a threat, an imminent threat, a chemical threat, a biological threat, a nuclear threat, a threat increasing in danger with each passing day, that Iraq was a terrorist state, that Iraq was tied to al Qaeda, only to have each story amount to nothing. Washington told the world for a long time that Iraq must agree to having the UN weapons inspectors back, and when Iraq agreed to this the US said “No, no. That isn't good enough.” After the inspectors had spent months there, President Bush still insisted that he had given Saddam Hussein “a chance to allow the inspectors in, and he wouldn't let them in.”<sup>93</sup> Did any of this make sense? This sudden urgency of fighting a war in the absence of a fight? Creating fiction after fiction to justify it? It did if one understands that the war, which began with bombing attacks on March 20, 2003, was not about Saddam Hussein and his evilness, or his weapons, or terrorism, and consider the following as more likely motivations for Washington:

- Expansion of the American Empire: adding more military bases and communications listening stations to the Pentagon's portfolio, setting up a command post from which to better monitor, control and intimidate the rest of the Middle East.
- Idealism: the imperial mafia fundamentalists remaking the world in America's image, with free enterprise, belief in a political system straight out of an American high-school textbook, and Judeo-Christianity as core elements.
- Oil: to be in full control of Iraq's vast reserves, with Saudi oil and Iranian oil waiting defenselessly next door; OPEC would



be stripped of its independence from Washington and would no longer think about replacing the dollar with the Euro as its official oil currency as Iraq had already done; oil-dependent Europe might think twice about challenging Washington's policies; the emergence of the European Union as a competing superpower might be slowed down.

- Globalization: Once relative security over the land, people and institutions was established, the transnational corporations would march into Iraq ready to privatize everything at fire-sale prices, followed closely by the IMF, World Bank, World Trade Organization and the rest of the international financial extortionists.
- Arms industry: As with each of America's endless wars, military manufacturers would rake in exorbitant profits, then deliver their generous political contributions, inspiring Washington leaders to yet further warfare, each war also being the opportunity to test new weapons and hand out contracts for the rebuilding of the country just demolished. As an added bonus, Pentagon officers would have jobs waiting for them with the same companies when they retire.
- Israel: The men driving Bush to war include long-time militant supporters of Israel, such as Richard Perle, Paul Wolfowitz, and Douglas Feith, who, along with the rest of the powerful American-Israeli lobby, had advocated smashing Israel's arch enemy, Iraq, for years. Iraq's abundant water, moreover, could be diverted to relieve a parched Israel and an old Iraqi-to-Israel oil pipeline could be rejuvenated.

After the conquest came the resistance. How could it be otherwise? What kind of people like being bombed, invaded, occupied, and subjected to daily humiliations, their loved ones torn apart by missiles, their homes, hospitals, schools and jobs destroyed? But the United States couldn't admit this simple truth. Secretary of War Donald Rumsfeld declared that there were five groups opposing US forces: looters, criminals, remnants of Saddam Hussein's government, foreign terrorists, and those influenced by Iran.<sup>94</sup> Other US officials insisted that the resistance fighters were motivated by payments made to them.<sup>95</sup>

In any event, the removal of Saddam Hussein, even if Washington was truly and morally moved by his evil, could not justify the American onslaught. What kind of world would we have if any country could invade any other country because it didn't like the leader of that country? The harm done to international law and the United Nations was considerable.

## NOTES

- \* Presented here is the most extensive compilation ever of serious post-World War II American interventions into the life of other nations, covering many more cases than found in the author's book, *Killing Hope: US Military and CIA Interventions Since World War II* (Monroe, Maine: Common Courage Press, 1995). Please see this book for further details of some of the interventions and for sources not indicated below.
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  2. *New York Times* (May 5, 1947), p. 1; (May 11, 1947), IV, p. 5; (May 14, 1947), pp. 14 and 24; (May 17, 1947), p. 8; (May 18, 1947), IV, p. 4; (May 20, 1947), p. 2; Howard K. Smith, *The State of Europe* (New York: Knopf, 1949), p. 151.
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  17. Ralph McGehee, *Deadly Deceits: My 25 years in the CIA* (New York, Ocean Press, 1983), *passim*. McGehee spent much of his CIA career in Thailand; The Committee of Concerned Asian Scholars, *The Indochina Story* (New York: Random House, 1970), pp. 64–9; *New York Times* (November 27, 1966), p. 4; *Washington Post* (November 20, 1966), p. 22; *Washington Post* (December 7, 1966).
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# 11

## Global Poverty in the Late Twentieth Century

*Michel Chossudovsky*

### THE GLOBALIZATION OF POVERTY

The late twentieth century will go down in history as a period of global impoverishment marked by the collapse of productive systems in the developing world, the demise of national institutions, and the disintegration of health and education programs. This “globalization of poverty,” which has largely reversed the achievements of postwar decolonization, was initiated in the third world coinciding with the onslaught of the debt crisis. Since the 1990s, it has extended its grip to all major regions of the world, including North America, Western Europe, the countries of the former Soviet bloc, and the newly industrialized countries (NICs) of South East Asia and the Far East.

In the 1990s, famines at the local level have erupted in sub-Saharan Africa, South Asia, and parts of Latin America; health clinics and schools have been closed; hundreds of millions of children have been denied the right to primary education. In the third world, Eastern Europe, and the Balkans, there has been a resurgence of infectious diseases, including tuberculosis, malaria, and cholera.

### IMPOVERISHMENT—AN OVERVIEW

#### **Famine Formation in the Third World**

From the dry savannah of the Sahelian belt, famine has extended its grip into the wet tropical heartland. A large part of the population of the African continent has been affected: 18 million people in Southern Africa (including two million refugees) are in “famine zones” and another 130 million in ten countries are seriously at risk.<sup>1</sup> In the Horn of Africa, 23 million people (many of whom have since died) are “in danger of famine” according to a United Nations estimate.<sup>2</sup>

In the post-independence period extending through the 1980s, starvation deaths in South Asia had largely been limited to peripheral tribal areas. But in India today, there are indications of widespread impoverishment among both the rural and urban populations following the adoption of the 1991 New Economic Policy under the stewardship of the Bretton Woods institutions. More than 70 per cent of rural households in India are small marginal farmers or landless farm workers, representing a population of over 400 million people. In irrigated areas, agricultural workers are employed for 200 days a year and in rain-fed farming for approximately 100 days. The phasing out of fertilizer subsidies—an explicit condition of the International Monetary Fund (IMF) agreement—and the increase in the prices of farm inputs and fuel is pushing a large number of small- and medium-sized farmers into bankruptcy.

A micro-level study conducted in 1991 on starvation deaths among handloom weavers in a relatively prosperous rural community in Andhra Pradesh sheds light on how local communities have been impoverished as a result of macroeconomic reform. The starvation deaths occurred in the months following the implementation of the New Economic Policy: with the devaluation and the lifting of controls on cotton yarn exports, the jump in the domestic price of cotton yarn led to a collapse in the *pacham* (24 meters) rate paid to the weaver by the middleman (through the putting-out system).

“Radhakrishnamurthy and his wife were able to weave between three and four *pachams* a month, bringing home the meagre income of 300 to 400 rupees [US\$12–16] for a family of six; then came the Union Budget of 24 July 1991, the price of cotton yarn jumped and the burden was passed on to the weaver. Radhakrishnamurthy’s family income declined to Rs. 240–320 a month [US\$ 9.60–13.00].”<sup>3</sup>

Radhakrishnamurthy of Gollapalli village in Guntur district died of starvation on September 4, 1991. Between August 30 and November 10, 1991, at least 73 starvation deaths were reported in just two districts of Andhra Pradesh.<sup>4</sup> There are 3.5 million handlooms throughout India supporting a population of some 17 million people.

### **Economic “shock therapy” in the former Soviet Union**

When assessing the impact on earnings, employment, and social services, the post-Cold War economic collapse in parts of Eastern Europe appears to be far deeper and more destructive than that of the Great Depression. In the former Soviet Union (starting in early 1992), hyperinflation triggered by the downfall of the ruble contributed to rapidly eroding real earnings. Economic “shock therapy” combined with

the privatization program precipitated entire industries into immediate liquidation, leading to the lay-off of millions of workers.

In the Russian Federation, prices increased 100-fold following the initial round of macroeconomic reforms adopted by the Yeltsin government in January 1992. Wages, on the other hand, increased tenfold. The evidence suggests that real purchasing power plummeted by more than 80 per cent in the course of 1992.<sup>5</sup>

The reforms have dismantled both the military-industrial complex and the civilian economy. Economic decline has surpassed the plunge in production experienced in the Soviet Union at the height of World War II, following the German occupation of Byelorussia and parts of the Ukraine in 1941 and the extensive bombing of Soviet industrial infrastructure. The Soviet gross domestic product (GDP) had by 1942 declined by 22 per cent in relation to pre-war levels.<sup>6</sup> In contrast, industrial output in the former Soviet Union plummeted by 48.8 per cent and GDP by 44.0 per cent between 1989 and 1995, according to official data, and output continues to fall.<sup>7</sup> Independent estimates, however, indicate a substantially greater drop and there is firm evidence that official figures have been manipulated.<sup>8</sup>

While the cost of living in Eastern Europe and the Balkans was shooting up to western levels as a result of the deregulation of commodity markets, monthly minimum earnings were as low as ten dollars a month. "In Bulgaria, the World Bank and the Ministry of Labor and Social Assistance separately estimated that 90 per cent of Bulgarians are living below the poverty threshold of US\$ 4 a day."<sup>9</sup> Old age pensions in 1997 were worth two dollars a month.<sup>10</sup> Unable to pay for electricity, water, and transportation, population groups throughout the region have been brutally marginalized from the modern era.

### **Poverty and unemployment in the West**

During the Reagan–Thatcher era, but more significantly since the beginning of the 1990s, harsh austerity measures are gradually contributing to the disintegration of the welfare state. The achievements of the early postwar period are being reversed through the derogation of unemployment insurance schemes, the privatization of pension funds and social services, and the decline of social security.

With the breakdown of the welfare state, high levels of youth unemployment are increasingly the source of social strife and civil dissent. In the United States, political figures decry the rise of youth violence, promising tougher sanctions without addressing the root of the problem. Economic restructuring has transformed urban life, contributing to the "third worldization" of western cities. The



environment of major metropolitan areas is marked by social apartheid: urban landscapes have become increasingly compartmentalized along social and ethnic lines. Poverty indicators such as infant mortality, unemployment, and homelessness in the ghettos of American (and increasingly European) cities are in many respects comparable to those prevailing in the third world.

### **Demise of the “Asian Tigers”**

More recently, speculative movements against national currencies have contributed to the destabilization of some of the world’s more successful “newly industrialized” economies (Indonesia, Thailand, Korea), leading virtually overnight to abrupt declines in the standard of living.

In China, successful poverty alleviation efforts are threatened by the impending privatization or forced bankruptcy of thousands of state enterprises and the resulting lay-offs of millions of workers. The number of workers to be laid off in state industrial enterprises is estimated to be in the order of 35 million.<sup>11</sup> In rural areas, there are approximately 130 million surplus workers.<sup>12</sup> This process has occurred alongside massive budget cuts in social programs, even as unemployment and inequality increase.

In the 1997 Asian currency crisis, billions of dollars of official central bank reserves were appropriated by institutional speculators. In other words, these countries are no longer able to “finance economic development” through the use of monetary policy. This depletion of official reserves is part and parcel of the process of economic restructuring leading to bankruptcy and mass unemployment. In other words, privately held capital in the hands of “institutional speculators” far exceeds the limited reserves of Asian central banks. The latter acting individually or collectively are no longer able to stem the tide of speculative activity.

## **GLOBAL FALSEHOODS**

### **Distorting social realities**

The increasing levels of global poverty resulting from economic restructuring are casually denied by G7 governments and international institutions (including the World Bank and the IMF); social realities are concealed, official statistics are manipulated, economic concepts are turned upside down. In turn, public opinion is bombarded in the media with glowing images of global growth and prosperity. As expressed in one *Financial Times* article, “Happy days are here again ... a wonderful

opportunity for sustained and increasingly global economic growth is waiting to be seized.”<sup>13</sup>

The world economy is said to be booming under the impetus of “free market” reforms. Without debate or discussion, so-called “sound macroeconomic policies” (meaning the gamut of budgetary austerity, deregulation, downsizing and privatization) are heralded as the key to economic success. In turn, both the World Bank and the United Nations Development Program (UNDP) assert that economic growth in the late twentieth century has contributed to a remarkable reduction in the levels of world poverty.

### **Defining poverty at “a dollar a day”**

The World Bank framework departs sharply from established concepts and procedures for measuring poverty.<sup>14</sup> It arbitrarily sets a “poverty threshold” at one dollar a day, labeling population groups with a per capita income above one dollar a day as “nonpoor.”

This subjective and biased assessment is carried out irrespective of actual conditions at the country level.<sup>15</sup> With the liberalization of commodity markets, the domestic prices of basic food staples in developing countries have risen to world market levels. The one dollar a day standard has no rational basis: population groups in developing countries with per capita incomes of two, three or even five dollars remain poverty stricken (i.e. unable to meet basic expenditures on food, clothing, shelter, health, and education).

### **Arithmetic manipulation**

Once the one dollar a day poverty threshold has been set, the estimation of national and global poverty levels becomes an arithmetic exercise. Poverty indicators are computed in a mechanical fashion from the initial one dollar a day assumption. The data are then tabulated in glossy tables with forecasts of declining levels of global poverty into the twenty-first century.

These forecasts of poverty are based on an assumed rate of growth of per capita income; growth of the latter implies *pari passu* a corresponding lowering of the levels of poverty. For instance, according to the World Bank’s calculations, the incidence of poverty in China should decline from 20 per cent in 1985 to 2.9 per cent by the year 2000.<sup>16</sup> Similarly, in the case of India (where according to official data more than 80 per cent of the population (1996) have per capita incomes below one dollar a day), a World Bank “simulation” (which contradicts its own one dollar a day methodology) indicates a lowering of poverty levels from 55 per cent in 1985 to 25 per cent in the year 2000.<sup>17</sup>

The entire framework built on the one dollar a day assumption is tautological; it is totally removed from an examination of real-life situations. No need to analyze household expenditures on food, shelter, and social services; no need to observe concrete conditions in impoverished villages or urban slums. In the World Bank framework, the “estimation” of poverty indicators has become a numerical exercise.

### **The UNDP framework**

While the UNDP Human Development Group has in previous years provided the international community with a critical assessment of key issues of global development, the 1997 Human Development Report devoted to the eradication of poverty conveys a viewpoint similar to that advanced by the Bretton Woods institutions. According to the UNDP, “the progress in reducing poverty over the 20th century is remarkable and unprecedented. ... The key indicators of human development have advanced strongly.”<sup>18</sup> The UNDP’s “human poverty index” (HPI) is based on “the most basic dimensions of deprivation: a short life span, lack of basic education and lack of access to public and private resources.”<sup>19</sup>

Based on the above criteria, the UNDP Human Development Group comes up with estimates of human poverty which are totally inconsistent with country-level realities. The HPI for Colombia, Mexico, and Thailand, for instance, is around 10–11 per cent (see Table 11.1). The UNDP measurements point to achievements in poverty reduction in sub-Saharan Africa, the Middle East and India which are totally at odds with national estimates of poverty.

The human poverty estimates put forth by the UNDP portray an even more distorted and misleading pattern than those of the World Bank. For instance, only 10.9 per cent of Mexico’s population is categorized by the UNDP as “poor.” Yet this estimate contradicts the situation observed in Mexico since the early 1980s: a collapse in social services, the impoverishment of small farmers and a massive decline in real earnings triggered by successive currency devaluations. According to one report:

[R]eal income [in Mexico] fell between 1982 and 1992 [following the adoption of IMF prescriptions]. Infant deaths due to malnutrition tripled. The real minimum wage lost over half its value; and the per centage of the population living in poverty increased from just under one-half to about two-thirds of Mexico’s 87 million people.<sup>20</sup>

A recent OECD study confirms unequivocally the mounting tide of poverty in Mexico since the signing of the North American Free Trade Agreement (NAFTA).<sup>21</sup>

*Table 11.1* The UNDP Human Poverty Index, Selected Developing Countries

Country	(%)
Trinidad and Tobago	4.1
Mexico	10.9
Thailand	11.7
Colombia	10.7
Philippines	17.7
Jordan	10.9
Nicaragua	27.2
Jamaica	12.1
Iraq	30.7
Rwanda	37.9
Papua New Guinea	32.0
Nigeria	41.6
Zimbabwe	17.3

Source: Human Development Report 1997, table 1.1, p. 21.

### **Double standards in the “scientific” measurement of poverty**

Double standards prevail in the measurement of poverty. The World Bank’s one dollar a day criterion applies only to “developing countries.” Both the Bank and the UNDP fail to acknowledge the existence of poverty in Western Europe and North America. Moreover, the one dollar a day standard contradicts established methodologies used by western governments and intergovernmental organizations to define and measure poverty in “developed countries.”

In the West, methods for measuring poverty have been based on minimum levels of household spending required to meet essential expenditures on food, clothing, shelter, health and education. In the United States, for instance, the Social Security Administration (SSA) in the 1960s set a “poverty threshold” which consisted of “the cost of a minimum adequate diet multiplied by three to allow for other expenses.” This measurement was based on a broad consensus within the US government.<sup>22</sup> The US “poverty threshold” for a family of four (two adults and two children) in 1996 was \$16,036. This figure translates into a per capita income of \$11 a day (compared to the one dollar a day criterion of the World Bank used for developing countries). In 1996, 13.1 per cent of the US population and 19.6 per cent of the

population in central cities of metropolitan areas were below the poverty threshold.<sup>23</sup>

Neither the UNDP nor the World Bank undertakes comparisons in poverty levels between “developed” and “developing” countries. Comparisons of this nature would no doubt be the source of “scientific embarrassment,” as the poverty indicators presented by both organizations for third world countries are in some cases of the same order of magnitude as (or even below) the official poverty levels in the United States, Canada, and the European Union. In Canada, which occupies the first rank among all nations according to the same 1997 Human Development Report published by the UN, 17.4 per cent of the population is below the national poverty threshold, compared to 10.9 per cent for Mexico and 4.1 per cent for Trinidad and Tobago, according to UNDP’s HPI.<sup>24</sup>

Conversely, if the US Bureau of Census methodology (based on the cost of meeting a minimum diet) were applied to the developing countries, the overwhelming majority of the population would be categorized as “poor.” While this exercise of using “Western standards” and definitions has not been applied in a systematic fashion, it should be noted that with the deregulation of commodity markets, retail prices of essential consumer goods are not appreciably lower than in the United States or Western Europe. The cost of living in many third world cities is higher than in the United States. Moreover, household budget surveys for several Latin American countries suggest that at least 60 per cent of the population in the region does not meet minimum calorie and protein requirements. In Peru, for instance, according to household census data, 83 per cent of the Peruvian population were unable to meet minimum daily calorie and protein requirements following the 1990 IMF sponsored “Fujishock.”<sup>25</sup> The prevailing situation in Sub-Saharan Africa and South Asia is more serious, where a majority of the population suffers from chronic undernourishment.

Poverty assessments by both organizations take official statistics at face value. They are largely office-based exercises conducted in Washington and New York with insufficient awareness of local realities. For example, the 1997 UNDP Report points to a decline of one third to one half in child mortality in selected countries of Sub-Saharan Africa, despite declines in state expenditures and income levels. What it fails to mention, however, is that the closing down of health clinics and massive lay-offs of health professionals (often replaced by semi-illiterate health volunteers) responsible for compiling mortality data has resulted in a de facto decline in recorded mortality.

### **Vindicating the “free” market system**

These are the realities which are concealed by the World Bank and UNDP poverty studies. The poverty indicators blatantly misrepresent country-level situations as well as the seriousness of global poverty. They serve the purpose of portraying the poor as a minority group representing some 20 per cent of world population (1.3 billion people).

Declining levels of poverty including forecasts of future trends are derived with a view to vindicating free market policies and upholding the “Washington Consensus” on macroeconomic reform. The “free market” system is presented as the most effective means of achieving poverty alleviation, while the negative impact of macroeconomic reform is denied. Both institutions point to the benefits of the technological revolution and the contributions of foreign investment and trade liberalization, without identifying how these global trends might exacerbate rather than abate poverty.

## THE CAUSES OF GLOBAL POVERTY

### **Global unemployment: “creating surplus populations” in the global cheap labor economy<sup>26</sup>**

The global decline in living standards is not the result of a scarcity of productive resources as in preceding historical periods. The globalization of poverty has indeed occurred during a period of rapid technological and scientific advance. While the latter has contributed to a vast increase in the potential capacity of the economic system to produce necessary goods and services, expanded levels of productivity have not translated into a corresponding reduction in levels of global poverty.

On the contrary, downsizing, corporate restructuring and relocation of production to cheap labor havens in the third world have been conducive to increased levels of unemployment and significantly lower earnings to urban workers and farmers. This new international economic order feeds on human poverty and cheap labor: high levels of national unemployment in both developed and developing countries have contributed to depressing real wages. Unemployment has been internationalized, with capital migrating from one country to another in a perpetual search for cheaper supplies of labor. According to the International Labor Organization (ILO), worldwide unemployment affects one billion people, or nearly one third of the global workforce.<sup>27</sup>

National labor markets are no longer segregated: workers in different countries are brought into overt competition with one another.

Workers' rights are derogated as labor markets are deregulated. World unemployment operates as a lever which "regulates" labor costs at a world level. Abundant supplies of cheap labor in the Third World (e.g. China with an estimated 200 million surplus workers) and the former Eastern bloc contribute to depressing wages in developed countries. Virtually all categories of the labor force (including the highly qualified, professional and scientific workers) are affected, even as competition for jobs encourages social divisions based on class, ethnicity, gender, and age.

### **Paradoxes of globalization: micro-efficiency, macro-insufficiency**

The global corporation minimizes labor costs on a world level. Real wages in the third world and Eastern Europe are as much as 70 times lower than in the United States, Western Europe, or Japan: the possibilities of production are immense given the mass of cheap impoverished workers throughout the world.<sup>28</sup>

While mainstream economics stresses efficient allocation of society's scarce resources, harsh social realities call into question the consequences of this means of allocation. Industrial plants are closed down, small and medium-sized enterprises are driven into bankruptcy, professional workers and civil servants are laid off and human and physical capital stand idle in the name of "efficiency." The drive toward an "efficient" use of society's resources at the microeconomic level leads to exactly the opposite situation at the macroeconomic level. Resources are not used "efficiently" when there remain large amounts of unused industrial capacity and millions of unemployed workers. Modern capitalism appears totally incapable of mobilizing these untapped human and material resources.

### **Accumulation of wealth, distortion of production**

This global economic restructuring promotes stagnation in the supply of necessary goods and services while redirecting resources toward lucrative investments in the luxury goods economy. Moreover, with the drying up of capital formation in productive activities, profit is sought in increasingly speculative and fraudulent transactions, which in turn tend to promote disruptions on the world's major financial markets.

In the South, the East and the North, a privileged social minority has accumulated vast amounts of wealth at the expense of the large majority of the population. The number of billionaires in the United States alone increased from 13 in 1982 to 149 in 1996. The "Global Billionaires Club" (with some 450 members) has a total worldwide

wealth well in excess of the combined GDP of the group of low income countries with 56 per cent of the world's population.<sup>29</sup>

Moreover, the process of wealth accumulation is increasingly taking place outside the real economy; divorced from *bona fide* productive and commercial activities. As noted in *Forbes Magazine*, "Successes on the Wall Street stock market [meaning speculative trade] produced most of last year's [1996] surge in billionaires."<sup>30</sup> In turn, billions of dollars accumulated from speculative transactions are funneled towards confidential numbered accounts in the more than 50 offshore banking havens around the world. The US investment bank Merrill Lynch conservatively estimates the wealth of private individuals managed through private banking accounts in offshore tax havens at US\$ 3.3 trillion.<sup>31</sup> The IMF puts the offshore assets of corporations and individuals at US\$ 5.5 trillion, a sum equivalent to 25 per cent of total world income.<sup>32</sup> The largely ill-gotten loot of third world elites in numbered accounts is placed at \$600 billion, with one third of that held in Switzerland.<sup>33</sup>

### **Increased supply, reduced demand**

The expansion of output in this system takes place by "minimizing employment" and compressing workers' wages. This process in turn backlashes on the levels of consumer demand for necessary goods and services: unlimited capacity to produce, limited capacity to consume. In a global cheap labor economy, the very process of expanding output (through downsizing, layoffs, and low wages) contributes to compressing society's capacity to consume. The tendency is therefore towards overproduction on an unprecedented scale. In other words, expansion in this system can only take place through the concurrent disengagement of idle productive capacity, namely through the bankruptcy and liquidation of "surplus enterprises." The latter are closed down in favor of the most advanced mechanized production. Entire branches of industry stand idle, the economy of entire regions is affected and only a part of the world's agricultural potential is utilized.

This global oversupply of commodities is a direct consequence of the decline in purchasing power and rising levels of poverty. Oversupply contributes in turn to the further depression of the earnings of the direct producers through the closure of excess productive capacity. Contrary to Say's Law of Markets, heralded by mainstream economics, supply does not create its own demand. Since the early 1980s, overproduction of commodities leading to plummeting (real) commodity prices has wreaked havoc, particularly among third world primary producers, but also (more recently) in the area of manufacturing.



### **Global integration, local disintegration**

In developing countries, entire branches of industry producing for the internal market are eliminated while the informal urban sector—which historically has played an important role as a source of employment creation—has been undermined as a result of currency devaluations and the liberalization of imports. In Sub-Saharan Africa, the informal sector garment industry has been wiped out and replaced by the market for used garments, imported from the West at \$80 a ton.<sup>34</sup>

Against a background of economic stagnation (including negative growth rates recorded in Eastern Europe, the former Soviet Union, and sub-Saharan Africa), the world's largest corporations have experienced unprecedented growth and expansion of their share of the global market. This process, however, has largely taken place through the displacement of preexisting productive systems, i.e., at the expense of local, regional, and national producers. Expansion and profitability for the world's largest corporations is predicated on a global contraction of purchasing power and the impoverishment of large sectors of the world population.

Survival of the fittest: the enterprises with the most advanced technologies or those with command over the lowest wages survive in a world economy marked by overproduction. While the spirit of Anglo-Saxon liberalism is committed to “fostering competition,” G7 macroeconomic policy (through tight fiscal and monetary controls) has in practice supported a wave of corporate mergers and acquisitions as well as the bankruptcy of small and medium-sized enterprises.

In turn, large multinational companies (particularly in the US and Canada) have taken control of local markets (particularly in the service economy) through the system of corporate franchising. This process enables large corporate capital (“the franchiser”) to gain control over human capital, cheap labor, and entrepreneurship. A large share of the earnings of small firms and/or retailers is thereby appropriated, while the bulk of investment outlays is assumed by the independent producer (“the franchisee”).

A parallel process can be observed in Western Europe. With the Maastricht Treaty, the process of political restructuring in the European Union increasingly bows to dominant financial interests at the expense of the unity of European societies. In this system, state power has deliberately sanctioned the progress of private monopolies: large capital destroys small capital in all its manifestations. With the drive towards the formation of economic blocs in both Europe and North America, the regional and local entrepreneur is uprooted, city life is transformed,

individual, small-scale ownership is wiped out. “Free trade” and economic integration provide greater mobility to the global enterprise while at the same time suppressing (through non-tariff and institutional barriers) the movement of small local-level capital.<sup>35</sup> “Economic integration” (under the dominion of the global enterprise), while displaying a semblance of political unity, often promotes factionalism and social strife between and within national societies.

## THE ONGOING INTERNATIONALIZATION OF MACROECONOMIC REFORM

### **The debt crisis**

The restructuring of the global economic system has evolved through several distinct periods since the collapse of the Bretton Woods system of fixed exchange rates in 1971. Patterns of oversupply started to unfold in primary commodity markets in the second part of the 1970s, following the end of the Vietnam war. The debt crisis of the early 1980s was marked by the simultaneous collapse of commodity prices and the rise of real interest rates. The balance of payments of developing countries was in crisis, and the accumulation of large external debts provided international creditors and “donors” with “political leverage” to influence the direction of country-level macroeconomic policy.

### **The structural adjustment program**

Contrary to the spirit of the Bretton Woods Agreement of 1944, which was predicated on “economic reconstruction” and stability of major exchange rates, the structural adjustment program (SAP) has, since the early 1980s, largely contributed to destabilizing national currencies and ruining the economies of developing countries.

The restructuring of the world economy under the guidance of the Washington-based international financial institutions and the World Trade Organization (WTO) increasingly denies individual developing countries the possibility of building a national economy. The internationalization of macroeconomic policy transforms countries into open economic territories and national economies into “reserves” of cheap labor and natural resources. The state apparatus is undermined, industry for the internal market is destroyed, national enterprises are forced into bankruptcy. These reforms have also been conducive to the elimination of minimum wage legislation, the repeal of social programs, and a general diminution of the state’s role in fighting poverty.

### **“Global surveillance”**

The inauguration of the WTO in 1995 marks a new phase in the evolution of the postwar economic system. A new “triangular division of authority” among the IMF, the World Bank, and the WTO has unfolded. The IMF has called for more effective “surveillance” of developing countries’ economic policies and increased coordination among the three international bodies, signifying a further infringement on the sovereignty of national governments.

Under the new trade order (which emerged from the completion of the Uruguay Round at Marrakesh in 1994), the relationship of the Washington-based institutions to national governments is to be redefined. Enforcement of IMF/World Bank policy prescriptions will no longer hinge upon ad hoc country-level loan agreements (which are not “legally binding” documents). Henceforth, many of the mainstays of the SAP (e.g. trade liberalization and the foreign investment regime) have been permanently entrenched in the articles of agreement of the WTO. These articles set the foundations for “policing” countries (and enforcing “conditionalities”) according to international law.

The deregulation of trade under WTO rules combined with new clauses pertaining to intellectual property rights will enable multinational corporations to penetrate local markets and extend their control over virtually all areas of national manufacturing, agriculture and the service economy.

### **Entrenched rights for banks and MNCs**

In this new economic environment, international agreements negotiated by bureaucrats under intergovernmental auspices have come to play a crucial role in the remolding of national economies. Both the 1997 Financial Services Agreement under the stewardship of the WTO and the proposed Multilateral Agreement on Investment under the auspices of the OECD provide what some observers have entitled a “charter of rights for multinational corporations.”

These agreements derogate the ability of national societies to regulate their national economies. The Multilateral Agreement on Investment also threatens national-level social programs, job creation policies, affirmative action, and community-based initiatives. In other words, it threatens to lead to the disempowerment of national societies as it hands over extensive powers to global corporations.

## **CONCLUSION**

Ironically, the ideology of the “free market” upholds a new form of state interventionism predicated on the deliberate manipulation of

market forces. Moreover, the development of global institutions has led to the development of “entrenched rights” for global corporations and financial institutions. The process of enforcing these international agreements at national and international levels invariably bypasses the democratic process. Beneath the rhetoric of so-called “governance” and the “free market,” neoliberalism provides a shaky legitimacy to those in the seat of political power.

The manipulation of the figures on global poverty prevents national societies from understanding the consequences of a historical process initiated in the early 1980s with the onslaught of the debt crisis. This false consciousness has invaded all spheres of critical debate and discussion on the “free market” reforms. In turn, the intellectual myopia of mainstream economics prevents an understanding of the actual workings of global capitalism and its destructive impact on the livelihood of millions of people. International institutions including the United Nations follow suit, upholding the dominant economic discourse with little assessment of how economic restructuring backlashes on national societies, leading to the collapse of institutions and the escalation of social conflict.

Table 11.2 Poverty in Selected Developed Countries, by National Standards

Country Poverty Level	(%)
United States (1996)*	13.7
Canada (1995)**	17.8
United Kingdom (1993)**	20.0
Italy (1993)***	17.0
Germany (1993)***	13.0
France (1993)***	17.0

Source: \* US Census Bureau; \*\* Center for International Statistics, Canadian Council on Social Development; \*\*\* European Information Service.

## NOTES

1. See Food and Agricultural Organization of the United Nations, *Food Supply Situation and Crop Prospects in Sub-Saharan Africa*, Special Report, no. 1 (April 1993). While there are no data at a regional level, one can infer from country-level figures that at least a quarter of Sub-Saharan Africa's population is at risk of famine. Ten million peasants in the Sertao region of north-east Brazil suffer from famine and lack of water according to official figures. See “Dix millions de paysans ont faim et soif,” *Devoir* (April 16, 1993), p. B5.
2. For further details, see Claire Brisset, “Risqué de famine sans précédent en Afrique,” *Monde Diplomatique* (July 1992) pp. 24–5; and Claire Brisset, “Famines et guerres en Afrique subsaharienne,” *Monde Diplomatique* (June 1991) pp. 8–9.

3. K. Nagaraj, et al., "Starvation Deaths in Andhra Pradesh," *Frontline* (December 6, 1991), p. 48.
4. *Ibid.*
5. See Michel Chossudovsky, *The Globalization of Poverty* (London: Zed Books, 1997), chapter 11.
6. World Bank, *World Development Report 1997* (Washington, DC: World Bank, 1997), fig. 2.1, p. 26.
7. United Nations Economic Commission for Europe, *Economic Survey of Europe, 1995–96* (Geneva: UNECE, 1996).
8. Interviews conducted by the author with academic economists and international organizations based in Moscow, November 1992.
9. Jonathan C. Randal, "Reform Coalition Wins Bulgarian Parliament," *Washington Post* (April 20, 1997), p. A21.
10. "The Wind in the Balkans," *Economist* (February 8, 1997), p. 12.
11. Eric Ekholm, "On the Road to Capitalism, China Hits a Nasty Curve: Joblessness," *New York Times* (January 20, 1998).
12. *Ibid.*
13. "Let Good Times Roll," *Financial Times* (January 1, 1995), editorial commenting on OECD economic forecasts, p. 6.
14. For a methodological review on the measurement of poverty, see Jan Drewnowski, *The Level of Living Index* (Geneva: United Nations Institute for Social Research and Development, 1965). See also the extensive research on poverty thresholds conducted by the US Bureau of the Census.
15. See World Bank, *World Development Report, 1990* (Washington, DC: World Bank, 1990).
16. See World Bank (1997), table 9.2, chapter 9.
17. *Ibid.*
18. United Nations Development Programme, *Human Development Report, 1997* (New York: United Nations, 1997), p. 2.
19. *Ibid.*, p. 5. Introduced in the 1997 Human Development Report, the human poverty index attempts "to bring together in a composite index the different features of deprivation in the quality of life to arrive at an aggregate judgement on the extent of poverty in a community." A high HPI indicates a high level of deprivation. See <http://www.undp.org/undp/hdro/anatools.htm#3>.
20. Soren Ambrose, "The IMF Has Gotten Too Big for its Riches," *Washington Post* (April 26, 1998), p. C2.
21. See Clement Trudel, "Le Mexique subit le choc de l'internationalization," *Devoir* (March 28, 1998), p. A4.
22. See US Bureau of the Census, *Current Population Reports, Series P60–198, Poverty in the United States: 1996* (Washington, DC: US Bureau of the Census, 1997).
23. *Ibid.*, p. 7.
24. According to the official definition of Statistics Canada (1995). For country ranks based on the UNDP's Human Development Index, see United Nations Development Programme (1997), table 6, p. 161.
25. See M. Chossudovsky, *El Ajuste Economico: El Peru bajo el Dominio del FMI* (Lima: Mosca Azul Editores, 1992), p. 83.
26. See Leonora Forstel, *Creating Surplus Populations* (Washington, DC: Maisonneuve Press, 1996).
27. International Labour Organization, *Second World Employment Report* (Geneva: International Labour Organization, 1996).

28. See Saulma Chaudhuri and Pratima Paul Majumder, *The Conditions of Garment Workers in Bangladesh, An Appraisal* (Dhaka: Bangladesh Institute of Development Studies, 1991). According to this study, monthly wages in the garment industry were on the order of \$20 (including overtime) in 1992—less than ten cents an hour.
29. “International Billionaires, the World’s Richest People,” *Forbes Magazine* (July 28, 1997).
30. Charles Laurence, “Wall Street Warriors Force their Way into the Billionaires Club,” *Daily Telegraph* (September 30, 1997).
31. “Increased Demand Transforms Markets,” *Financial Times* (June 21, 1995), p. II.
32. “Global Investment Soars,” *Financial Times* (June 7, 1996), p. III.
33. See Peter Bosshard, “Cracking the Swiss Banks,” *Multinational Monitor* (November 1992).
34. Based on the author’s research and interviews in Tunisia and Kenya, December 1992.
35. For instance, while the large multinational enterprises move freely within the North American free trade area, non-tariff restrictions prevent small-scale local capital in one Canadian province from extending into another Canadian province.



**Part IV**  
**The Other America**





# Dissenting Groups and Movements

*Laurel E. Phoenix*

After reading the previous chapters, one might naturally ask, “Where are the citizens opposing Bush policies?” Opposition can be found in many isolated groups, most of them challenging Bush along narrow interests, and having few mechanisms for joining their separate voices. The distinct identities of various opposition groups (e.g., political, labor, environmental, church and state separation, civil rights, etc.) restrict each group’s scope of interest and precludes an easy transition to collective action that could more effectively fight Bush’s policies.

However, the fact that there *are* these opposition groups is evidence of first steps to restore power to the people, and reduce the inequality we find in our ability to make our voices heard. Those who recognize the increasing shift of power away from the citizenry and toward government institutions and corporate powers are now doubling their efforts to bring the country back into balance. This chapter will briefly characterize, and list the websites, of some of the major opposition groups. I will start with more institutionalized groups, and then move to citizen response to current events where government transparency and accountability are lacking. A variety of interest groups and movements are then covered to show the variety of anti-Bush sentiment and their tactics (e.g., education, litigation, connecting you to your government representatives, etc.). After surveying the opposition, I will briefly discuss the balance of power in the US, and the mobilization of resistance.

## FORMAL POLITICAL OPPOSITION

Two groups, Republicans and Democrats, dominate America’s political scene. Ostensibly, America has a multi-party system, but other minor groups (e.g., Libertarian, Independent, Greens, etc.) are too small and poorly funded to compete with dominant groups in the most important medium, television. Democrats tend to be the first political opposition

group to Bush one thinks of, but have lost that clear distinction. The Democratic Party<sup>1</sup> used to be more progressive and diametrically opposed to Republicans than it is now. Franklin Roosevelt created social welfare programs and assisted organized labor to get more bargaining power. Lyndon Johnson fulfilled John Kennedy's vision to desegregate schools and criminalize various forms of discrimination (e.g., voting, housing, hiring) against minorities (primarily African-Americans). Kennedy and Johnson also promoted large block grants to poor rural communities to alleviate poverty.

Americans expect the Democratic Party to be the natural opponent to Bush policies, but for over a decade now Democrats have won some elections by taking center or center-right issues that were historically Republican. Many Democrats are now cynically called Republican Lites, the Loyal Opposition, or Bush Democrats. The Democratic presidential candidates used debates and websites not only to criticize Bush and his policies but also to appear fundamentally different from him. The Democratic Party's website espouses a few progressive planks for its platform, yet what Democrats vote for in Congress can be radically different. Thus, the Democratic turn to the right has not provided the strength of opposition traditionally expected from its party.

## COMMITTEE ON GOVERNMENT REFORM<sup>2</sup>

In the US House of Representatives, there is a Committee on Government Reform, which serves as a general watchdog of government offices, programs, and policies. The ranking member (Democrat), Representative Henry A. Waxman, has created a link off the minority office website entitled, "Politics and Science: Investigating the Bush Administration's Promotion of Ideology Over Science." This website offers a fairly broad overview of various programs, topics, and laws that the administration has sought to weaken by attacking, twisting, or subverting the science used to come up with conclusions and recommendations. The site gives examples across three themes: Manipulation of Scientific Committees; Distortion of Scientific Information; and Interference with Scientific Research. Some of the many examples are found within the topics of Abstinence-Only Education, Arctic National Wildlife Refuge, Education Policy, Environmental Health, Environmental Protection Agency, Global Warming, Prescription Drug Advertising, Reproductive Health, and Workplace Safety. There is also a full report entitled "Politics and Science in the Bush Administration."

## COMMISSION ON TERRORIST ATTACKS

In response to numerous unanswered questions relating to the September 11, 2001 attacks on the World Trade Center and the Pentagon, massive protest by families of victims of 9/11<sup>3</sup> and New York citizens, Congress created the “National Commission on Terrorist Attacks upon the United States.” This commission would be empanelled to investigate how these terrorist attacks were possible, and what agencies might have done differently to prevent such events from occurring again. Its broad mandate to investigate anything related to 9/11 worried the White House.

Bush and Cheney initially opposed the commission’s creation and used a variety of tactics to obstruct its investigation and influence the outcome. Bush required: no representatives from the families of 9/11 to be on the committee; four of the 14 members were to be appointed by Bush and that Bush could appoint its chairman; the committee would need at least six votes to issue any subpoenas; expanding the committee investigation to include border security, visas, and the US aviation system (so it would have less time to investigate intelligence services and the White House); White House counsel could edit or refuse to give any documents to the committee in the name of executive privilege; and many more obstructive tactics. Henry Kissinger was the first appointed chairman, but public outcry caused him to step down after three weeks. Kissinger’s successor, former New Jersey governor Thomas Kean, has no background in the topics that the commission is mandated to explore (aviation security, immigration policy, diplomacy, intelligence, etc.).

Bush also tried to curtail the committee’s funding, insisted on an unreasonably short time-frame for it to give its final report and disband, and did nothing about executive agencies being uncooperative and not handing over the requested documents.

For example, the commission discovered that the FAA (Federal Aviation Administration) and NORAD (North American Aerospace Defense Command) had not given it everything that it asked for, and told it that some things did not exist. To get those ‘non-existent’ pieces of evidence, the commission had to turn to using its subpoena power first on the FAA and then NORAD.

The commission has also found foot-dragging on the part of the White House for the last two years, and initially told White House counsel Alberto Gonzales that they will subpoena documents not given willingly. At the center of the dispute are the classified “Presidential Daily Briefings” that include CIA intelligence reports. The commission wanted

to read these to see what type of intelligence was given to the president in the weeks before the 9/11 attacks. In particular, they wanted to see the brief he received at his Crawford, Texas estate on August 6, 2001, which Condoleeza Rice acknowledged mentioned Osama bin Laden's methods of operation and hijacking. Several newspapers proposed that the president does not want the nation to find out that he had advance warning of these attacks, so that he is withholding evidence to protect his presidential security, and not, as Bush says, protecting the interests of national security. That the Carlyle Group (an investment group made up of former world leaders and other highly placed government officials, including George Bush Sr) has made a fortune since the 9/11 attacks has so far not been mentioned by the commission. The public is also unaware that of the ten commission members appointed by Congress, six of them are associated with the airline industries they are investigating, resulting in a clear conflict of interest.

Although Bush refused to hand over White House documents, the commission could not get a six-vote majority to subpoena them. It also feared the issue could not come to court before the commission's term expired on May 28, 2004. The White House said it was willing to show documents only to two to four White House-selected members of the commission, who could take notes but not leave the White House with them, and whose written summary written while still sitting in the White House would have to pass "review" by the White House before it could be carried out. Keep in mind that Bush selected four of the commission members, so is maneuvering to have only his appointees look at anything. Clearly a useless endeavor for a commission mandated to find out all of the facts.

A third subpoena was issued in November 2003 to the City of New York for its emergency services (911) tapes from September 11 and post-disaster firefighter interviews after Mayor Bloomberg has steadfastly refused to comply for five months. In early December, the mayor finally agreed that the city would give the commission *edited* tapes and transcripts of emergency calls made on 9/11, and transcripts of firefighter interviews, with the stipulation that the commission would not include any statements in its final report without permission of the families involved.

After receiving a few months of extension, the Commission officially closed August 21, 2004 after publishing its report, which is available at <http://www.9-11commission.gov/report/index.htm>. The Commission was rushed through its fact-finding, systematically obstructed by the administration at every turn, and had to file this report without all the evidence they would have wanted. The composition of the Commission,

the constraints of the White House regarding giving testimony, the lack of full disclosure by all segments of the Executive Branch, and the current hostile polarization of the Congress all combined to weaken the final report. President Bush is saying that he will consider some, but not all, of the Commission's recommendations, and several bills are moving through Congress as of September 16, 2004 regarding these recommendations.

For more detailed and chronological coverage of the controversy surrounding this so-called independent commission, see the Center for Cooperative Research.<sup>4</sup>

## OPPOSITION IN CIVIL SOCIETY

How does public concern or protest respond to the lack of checks and balances and normal opposition? In what ways have we seen the public show initiative to rise up and protest Bush policies? In this section, examples will be given of a wide variety of grassroots interest groups and movements. Reference to their websites should encourage readers to search for more information, understand that civil society is not totally tamed, and possibly join an existing or found a new group where appropriate.

## WOMEN'S ISSUES

### **Global Women's Issues Scorecard on the Bush Administration<sup>5</sup>**

The Scorecard rates Bush on "Rhetoric vs. Reality" in many areas, including US Resolution on "Women and Political Participation," International Family Planning, HIV/AIDS Initiative, and Economic and Social Rights: Free Trade Area of the Americas. Clicking on the "Resources" box gives links to other sites worldwide.

## SEPARATION OF CHURCH AND STATE

There are numerous groups dedicated to maintaining the separation of Church and State. I selected two of them to give an idea of the scope and activities of each. These groups have added importance during this administration where right-wing fundamentalist Christian groups have increasing power to dictate what Bush does and where he can erase the line between Church and State.

### **Americans United for Separation of Church and State<sup>6</sup>**

The AU promotes religious diversity and the separation between Church and State. Their advocacy group keeps track of governmental

efforts to promote religion (e.g., the current school voucher system, the ‘faith-based’ programs of President Bush, prayer in public schools), gathers articles from around the nation on executive, legislative or judicial actions that pertain to religion, and participates in litigation regarding church and state issues. The AU argues against those who: proclaim that the US is a “Christian” nation, insist that tax dollars can go to religious institutions for educational purposes, and appoint right-wing fundamentalist judges with a history of decisions based on their faith, rather than the law. It has a particularly interesting section on the Religious Right in America, with articles about key players and their influence in trying to make constitutional law subservient to biblical law.

### **Freedom from Religion Foundation<sup>7</sup>**

The Freedom from Religion Foundation is a smaller interest group promoting separation of Church and State, but comes from a non-theist perspective. This group tries to do the same education and outreach as AU, but membership seems to be people who claim they are atheists, agnostics, or rationalists, collectively termed “freethinkers.” It has an action alert page advising readers on current abuses of the separation of Church and State. This foundation is smaller than the AU, but is worth mentioning because it brings up some different examples of illegal promotion of religion by government.

## ENVIRONMENT

I have grouped environmental groups into three subgroups: general interest groups which occasionally might join in litigation but devote most of their energy to public education and environmental advocacy; groups whose primary intent is to sue government or industry for breaking environmental law; and an organization assisting government employees in environment-related work. Some groups try to cover an array of environmental issues, and others focus on one (e.g., Wilderness Society). Often, groups will join forces for lobbying Congress or litigation efforts. The Bush rollback of environmental protections has been so egregious that all environmental groups oppose him.

### **Bush Greenwatch<sup>8</sup>**

Like its counterpart, The Daily Misdemeanor: A Daily Chronicle of Bush Administration Distortion (see note 41), this website gives daily updates on anything the administration does to roll back environmental protections through regulation or lack of enforcement, and highlights

its misleading statements to the public. A reader can go to the website and look up archived articles, or can sign up to have daily alerts sent to their email address. For example, its recent articles are entitled: "Under EPA Rule, Airplane Emissions Would Go Up, Up, Up," "Pentagon: Rocket Fuel in Your Lettuce is Safe," and "Ashcroft Dredges up 'Sailor-Mongering' Law To Prosecute Greenpeace." Articles can also be looked up under subject categories.

### **League of Conservation Voters<sup>9</sup>**

The LCV has long been known for keeping track of how congressional members vote in regard to environmental issues, and each year it produces a "scorecard" for each member. It also has a 2003 scorecard for President Bush, and has branched out into watching the EPA ever since it became evident that the EPA would be promoting anti-environmental policies and programs under the guise of "sound science." Besides the Bush "scorecard," it also has a report entitled, "Bush and the Environment: A Citizen's Guide to the First 100 Days," covering the numerous anti-environmental actions Bush took as soon as he took office.<sup>10</sup> The LCV gives updates on hot topics, current legislation, and educates the public on how to communicate with your Congressional representative or senator on environmental issues. It also has a campaign to "Help Give Bush the Boot." Because it is a presidential election year, the LCV features the various environmental positions of all the democratic candidates.

### **Friends of the Earth<sup>11</sup>**

FOE has been in the forefront of environmental advocacy and now has affiliates in 70 countries. Its website has an abundance of information on current environmental issues, Congressional bills, and anti-environmental actions on the part of President Bush and his Executive Branch. On an international scale, it also watches the World Bank, IMF, and WTO, and updates readers on actions by these groups that are harmful to the environment or society. One web page is a "President Bush Watch," with a short synopsis of anti-environmental actions promoted by Bush.<sup>12</sup>

### **Sierra Club<sup>13</sup>**

The Sierra Club has fought for environmental protection and public education and has a wide variety of publications, programs, and educational outreach. Sierra Club has socially responsible mutual funds, sponsors trips to natural areas, lists environmental issues providing education on the depth and breadth of the problem, and lists problems



that can be looked up on a state-by-state basis. There are press releases and news articles from around the country on environmental issues, and for readers who want updates specifically on what Bush has been doing, they can sign up for the twice a week email update called *Raw: The Uncooked Facts of the Bush Assault on the Environment*.<sup>14</sup> “The Big Book of Bush”<sup>15</sup> is a variety of web pages covering executive actions and appointments. “Keeping Tabs on George W. Bush”<sup>16</sup> is another webpage looking at anti-environmental legislation or implementation.

### **Wilderness Society**<sup>17</sup>

The Wilderness Society looks at all environmental issues that affect wilderness areas. Similar to the Sierra Club, the society has reports on legislative or executive actions, analyses on proposed legislation or executive actions, maps, testimony, and advocates action on current issues. In its library, its Reports and Scientific Papers webpage has several reports, such as: “Bush Administration Record on Public Lands: Irresponsible Management of the People’s Land,”<sup>18</sup> a report documenting mining, drilling, off-road vehicles, and other issues degrading wilderness areas today. There is also a more detailed report entitled, “State of the Environment: Bush Strikes Out.”<sup>19</sup>

### **National Wildlife Federation**<sup>20</sup>

The Federation focuses on all environmental legislation or executive action that affects wildlife and wildlife habitat. It offers a wide variety of education material through the web and in print, and advocates for citizen participation to contact legislators. It also offers email action alerts on current debates and upcoming votes. It does not devote a particular webpage to Bush actions, but will decry them in separate reports and alerts regarding current events.

### **Environmental News Network (ENN)**<sup>21</sup>

ENN disseminates information in a variety of formats. It combs national newspapers daily for interesting environmental news and posts these to its website as well as sends them out as a daily email to subscribers. There are short articles on various topics, some radio show audio transcripts, slideshows, special reports, and many links to related organizations on various topics. Another page has useful tools to help you donate to many environmental organizations, find your local newspapers, current legislation or federal representatives so you can not only keep up on the news but write letters to advocate for your position. A page on politics covers a variety of issues on George Bush

and the Environment<sup>22</sup> as well as links to other organizations' web pages opposing Bush.

### **Environmental Defense<sup>23</sup>**

Like these other environmental advocacy and educational groups, Environmental Defense has a very good website describing the various environmental issues, a media center with press releases and information journalists need, action alerts on issues and how to contact your governmental representatives, and reports across many issues. It publishes a bi-monthly newsletter, *Solutions*, and several other websites, such as Scorecard,<sup>24</sup> which helps you find toxic emissions by zip code, and their "Get Green" consumer guide.<sup>25</sup>

### **US Public Interest Research Group (USPIRG)<sup>26</sup>**

USPIRG is an advocacy group much like the environmental advocacy groups mentioned above, but it is also concerned with three other topics: higher education, democracy, and consumer issues. Within the many subtopics under its environment section, you find not only action alerts to aid in contacting Congressional Representatives about current legislation, but also a plethora of in-depth reports across the spectrum of environmental issues. Over 100 reports are available, and the majority are stunning exposés of how Bush, the Congressional majority (Republicans), and industry work in concert to destroy environmental protection and deregulate industry. Most of the subtopics such as clean air, arctic wilderness, energy, etc. will then link you to many reports that indict Bush for his destructive rollbacks.

### **Natural Resources Defense Council (NRDC)<sup>27</sup>**

This environmental litigation group is involved in many of the biggest lawsuits against the government for failing to adhere to environmental laws. The NRDC has an extraordinary website with education information on environmental topics as well as current legislation or other events related to those topics. The website is updated daily with news, and archives are available to look up any topic chronologically. There is a legislative watch for current legislation, and at the bottom of the home page, clicking on "Bush Watch"<sup>28</sup> will take you to a comprehensive compendium of anti-environmental Bush administrative actions for the past four years. This can be viewed chronologically across all topics, or chronologically within topics. The "Bush Watch" topics are: Air, Energy, and Global Warming; Wildlands and Wildlife; Water and Oceans; Toxic Chemicals and Health; Nuclear Weapons and Waste; and miscellaneous issues. NRDC offers three email bulletins for

environmental issues, a legislative watch, or California Activist Issues. A magazine called “OnEarth” is also available, as well as an excellent reference and links page.

### **Earth Justice<sup>29</sup>**

Earth Justice is another nonprofit law firm dedicated to protecting the environment through education and litigation. Its website is a comprehensive look at environmental issues across all topics, a primer on the various strategies the Bush administration or Congress can use to roll back environmental protections, and an advocacy page encouraging action such as letter-writing to federal officials over current pending legislation. It has archives of many of the more recent cases it has worked on over the years as well as an archive describing cases it has won. Of several campaigns it is currently promoting, the “Bush Administration Rollbacks Review”<sup>30</sup> lists administration actions across a variety of topics, background on these issues, and current related litigation. There is a “White House Watch”<sup>31</sup> devoted to listing executive appointee or judicial nominee biographies and their pro-corporate ties; reports detailing anti-environmental administration actions and linking them to corporate contributions, or reports detailing other actions such as restricting public access to information. There is also a Newsroom page with years of archives of news articles from across the nation on environmental threats.

### **Public Employees for Environmental Responsibility (PEER)<sup>32</sup>**

PEER is unique among these other groups as its mission is to help and protect government employees in environmentally related jobs (e.g., EPA, Forest Service, Park Service, Fish and Wildlife, etc.). PEER expects government to be accountable, supports whistleblowers, and advocates for transparency in how policies and programs are implemented and that they do so according to the law. It watches both states and the federal government and supports government employees who are harassed or lose their jobs because they fought for environmental stewardship within their agencies. PEER does anonymous surveys to find out what is really happening in governmental agencies, rather than relying on government public relations offices to filter that information. It offers books, a quarterly newsletter, and white papers on various topics to inform the public and other government employees of trends regarding non-enforcement, outsourcing, illegal gag orders, report manipulation, etc. PEER archives all of its news articles, and maintains contact with state chapters.

## PUBLIC HEALTH

**Physicians for Social Responsibility (PSR)<sup>33</sup>**

PSR is a group of physicians and health professionals primarily advocating for policy changes across three broad topics: environmental degradation, gun violence prevention, and weapons of mass destruction such as nuclear weapons. This website has many reports and articles across all of these topics, action alerts for what citizens can do, and an international page with topics such as nuclear proliferation and global environmental degradation. Although other environmental advocacy groups sometimes mention the risks to public health from environmental rollbacks, this website offers copious information on the physical effects of air pollution, mercury, and other toxic exposures on humans. Thus, this group is against Bush policies on air quality, global climate warming, and the like, but remains focused on the issues of health threats without mentioning how much Bush promotes these threats.

PUBLIC AND POLITICAL  
INTEREST GROUPS, CIVIL RIGHTS**American Civil Liberties Union (ACLU)<sup>34</sup>**

The ACLU is the most prominent American watchdog group for defending civil rights. Across a variety of topics, it documents the erosion of civil rights in America. In particular, you will find opposition to Bush across such subjects as reproductive rights, police practices, national security, privacy and technology, and freedom of speech. For example, the freedom of speech section documents the FBI sending instructions to the Miami police for how to deal with protesters at the World Trade talks, suggesting some are terrorists. Similarly, the CIA has also been shown to restrict access of Bush protesters at public appearances by Bush or high administration officials.

**Public Citizen (Nader)<sup>35</sup>**

Ralph Nader's Public Citizen group looks into a variety of issues that affect citizen health, welfare, or civil rights. To do this, it watches all branches of state and local government as well as industry and its media tools. There are several sites related just to the Bush Administration. "White House for Sale"<sup>36</sup> links corporate contributions to resulting Bush policies. There is an excellent webpage link to its campaign exposing "Bush Secrecy,"<sup>37</sup> which documents instances of regulatory deception, how Bush hides behind "executive privilege" and "national

security” to implement his policies, a “how-to” on the Freedom of Information Act (FOIA), how to obtain government documents, and how even fewer documents are now available through FOIA. Looking through its legislative watch or general articles and using the search word “Bush” brings up hundreds of articles on Bush actions.

### **OMB Watch<sup>38</sup>**

Although OMB Watch was initially founded in 1983 to watch the machinations of the White House Office of Management and Budget (OMB), it has enlarged its watchdog talents to the various parts of government over which the OMB has influence. Its four themes of interest are government budgets, public access to government information, regulatory policy (which has become more important ever since Bush took office) and the extent of nonprofit organization participation in public policy. As such, this website has a massive amount of information. Three sites are of import in relation to Bush administration actions. Clicking on “Regulatory Matters” gives you a chronological archive of Bush regulatory actions that either degrade the environment, public health, or enhance secrecy of Bush actions. The “Executive Report” and its archives<sup>39</sup> document executive branch actions in the Environmental Protection Agency (EPA), Interior Department, Department of Agriculture, Occupational Safety and Health Administration (OSHA), and OMB office, among others.

### **The Public Eye—Political Research Associates<sup>40</sup>**

The Public Eye dedicates itself to studying “antidemocratic, authoritarian, and other oppressive movements, institutions, and trends.” Across a variety of topics, it leads you to articles documenting government misconduct, such as COINTELPRO’s (FBI’s Counterintelligence Program) activity against liberal or minority groups, the Christian Right, the Political Right, Media and Propaganda, Policy-making and Funding, Foreign Policy, and more. It offers numerous links for reporters, students, etc. to trace events, ideologies and movements that are antidemocratic.

### **Tom Paine<sup>41</sup>**

Tom Paine describes itself as a progressive public interest journal that “seeks to enrich the national debate on controversial public issues by featuring the ideas, opinions, and analyses too often overlooked by the mainstream media.” It publishes articles and op-eds on its website, advertises in the *New York Times* in the Op-Ed pages, and publishes in some other publications. There is opportunity to respond to each

article read on the website, in keeping with Tom Paine's interest to keep public debate alive. One of its interesting articles is a brief, chronological listing of hypocritical White House claims across various topics called, "2003: Claim vs. Fact."

#### **Center for responsive politics—your guide to the money in elections**<sup>42</sup>

This website tallies election and party donations for the presidential candidates, the president, his cabinet members and advisors, Congressional Representatives and Senators, and members of Congressional committees. It also includes lobbyist donations, and donations to Bush from his ambassadors. It includes all donations of \$200 or more that have been reported to the Federal Election Commission. Information is broken down by donation sources and recipients, as well as many other categories. The information in this website is crucial to understanding political power in America and the necessity for increased citizen participation.

#### **Government information awareness**<sup>43</sup>

Because government has increasing power to watch its citizens while citizens' ability to watch government has eroded, this website was created to be a comprehensive site for locating information on "individuals, organizations, and corporations related to the government of the United States of America." Information can also be submitted anonymously and then is put through a confirmation process to establish its validity.

#### **Move-on**<sup>44</sup>

Move-on is a grassroots electronic media group that helps electronic advocacy groups get started to educate Americans on political issues, gather from their input which issues are of most importance, and then move to help people contact their representatives about current action on those issues. It covers many current events but is focusing on campaign finance, the Iraq war, and energy and environment issues. It now has over two million activists signed on, and you can receive updates on the issues. An interesting feature is a map of the US where you can click to find house parties planned to show a movie on the truth behind the Iraq war uncovered.

#### **Misleader**<sup>45</sup>

Misleader is a project of Move-on, where it follows Bush's public statements and then connects them with his surreptitious opposing actions. Some titles of these articles that can be perused on their website or emailed to you are: "Bush Pays Lipservice to Vets, Then Slashes Their

Health Care,” “White House Admits Pre-9/11 Warnings; Bush Still Denies It,” “White House Covers Tracks by Removing Information,” and “Bush Administration Oversold Prewar Intelligence to Justify War in Iraq.”

### **Project on Government Oversight (POGO)<sup>46</sup>**

POGO acts to expose government corruption across four areas: Defense, Energy and Environment, Open Government, and Contract Oversight. It assists whistleblowers and anonymous government employees to expose fraud and abuse in order to save taxpayer money and force government to be accountable.

### **America Coming Together (ACT)<sup>47</sup>**

ACT is similar to Move-on in coordinating individuals and progressive organizations to mobilize and get the word out about specific ways Bush has harmed the country, and to press for a large voter turnout to remove Bush from office. Their executive committee includes an impressive array of seasoned progressive campaigners from many well-known organizations. It is directing its efforts primarily in 17 states through contacting voters there to find out what issues are salient to them, and then telling them what Bush has done on those issues and how progressives would act on those issues.

### **Citizens for Legitimate Government (CLG)<sup>48</sup>**

CLG seeks to expose the illegitimacy of Bush’s election (named a *coup d’état*) as well as his administration (referred to as his “occupation” of the White House). It combines numerous articles on his election, questions remaining about 9/11, organizes public presentation of banners and protest marches, explores suspicious voting practices, and has a “Bushwatch Bush Lies”<sup>49</sup> page and a “Bushwhacked!”<sup>50</sup> page listing Bush’s record under many categories. It fights to oppose cabinet appointments, and much more.

## LABOR UNIONS

### **American Federation of Labor—Congress of Industrial Organizations (AFL-CIO)<sup>51</sup>**

Knowing strength is gained through solidarity, the AFL-CIO is a federation of 64 labor unions, national and international. There is a plethora of information on this site, including: All about Unions; Issues and Politics (includes a “Bushwatch” page); Jobs, Wages and

the Economy; and Eye on Corporate America (includes an “Executive Pay Watch” and examples of extraordinary executive pension case studies).

## CORPORATE WATCHDOGS

### **Corpwatch—Holding Corporations Accountable**<sup>52</sup>

Fighting corporate-led globalization, Corpwatch has news articles about how international corporations, governments, and multilateral international organizations work together to benefit corporate interests at the expense of countries or peoples. It also teaches you how to investigate a corporation, expose sweatshops, and gives in-depth information on various issues. If you type “Bush” in their search box, you get hundreds of articles linking Bush to a variety of actions benefiting corporations (e.g., government contracts in Iraq given to Bush cronies).

### **Corporate Crime Reporter**<sup>53</sup>

The *Reporter* is a weekly newsletter and website covering corporate abuse, deception, and other potential criminal or deceptive acts. Its newswire also has stories on government investigations and trading fraud (e.g., Martha Stewart).

### **Essential action**<sup>54</sup>

This is a corporate watchdog site encouraging activism on corporate misdeeds. It also publishes “Multinational Monitor,” which “tracks corporate activity, especially in the Third World, focusing on the export of hazardous substances, worker health and safety, labor union issues and the environment.”<sup>55</sup> Another Ralph Nader website criticizing corporations is *Public Citizen*. See previous entry for Public Citizen or note 33.

### **PR Watch**<sup>56</sup>

This group reports on the public relations industry and how they help corporations influence the public and political debate on contentious issues. PR Watch does great investigative reporting in its quarterly publication that you can read in its archives and also in four books: “Weapons of Mass Deception: The Uses of Propaganda in Bush’s War on Iraq,” “Mad Cow USA: Could the Nightmare Happen Here?,” “Trust Us, We’re Experts!: How Industry Manipulates Science and Gambles with Your Future,” and “Toxic Sludge is Good for You!: Lies, Damn Lies and the Public Relations Industry.” Its latest book is



“Banana Republicans: How the New Right is Turning America into a One-Party State.” On its website you can see another publication grow and read part of it (and even help edit it!). Called “Disinfopeedia, the Encyclopedia of Propaganda,” it covers industry-funded organizations and experts, think tanks, public relations firms and more. From industry PR tactics to increasing government propaganda, PR Watch illuminates the ways and means of deceiving the public.

## ALTERNATIVE NEWS

### **Bushtimes**<sup>57</sup>

Bushtimes collects articles and information from a variety of sources and posts them to expose what the Bush Administration is doing. You can search by keyword or click on topics such as: Corporate Crimes, 9/11, World Affairs, Appointments, and many others. It also plans to start posting original articles in the near future. This is an excellent source of information on Bush, his family, and his administration.

### **The Nation—Unconventional Wisdom since 1865**<sup>58</sup>

*The Nation* is a print magazine and website devoted to articles about politics and current events, and dedicated to freedom of speech, press, and assembly. This premier alternative news site also has links to Radio Nation, which can be heard on National Public Radio and Radio for Peace International. It has its own imprint, Nation Books, and an internship program for journalists at the Nation Institute.

### **The American Prospect**<sup>59</sup>

This publication is both a paper and online magazine, although the web version does not include all of the articles the magazine prints. It has archives of past articles, searchable by month, issue, subject, category, and author, and a good listing of articles within particular issues. One issue is called “All the President’s Lies.”<sup>60</sup>

### **CounterPunch**<sup>61</sup>

*Counterpunch* magazine describes itself as “muckraking with a radical attitude.” It prints a twice-monthly magazine, and you can read many articles on their website in their archives. Besides a few of its own books, it prints a “Top 100 nonfiction books” list and a great links page under topics like Media, Culture, Environment, Economics, and Politics.

### **Monthly Review**<sup>62</sup>

Since 1949, the *Review* has published to fight imperialism and promote socialism. It is not associated with any political party. Most of its articles

are available on the web, although it prints a monthly magazine as well. It has a well-known list of contributing authors across a variety of topics at a national and international scale, and also has a bookstore with a list of selected progressive books.

### **Salon**<sup>63</sup>

Salon is a web-based alternative news site that goes beyond politics and opinion to cover arts and entertainment, books, technology and business, etc. It has an archive of articles with good coverage on current events in politics. You can either subscribe for a small charge for a month or year, or peruse their articles with a free day pass.

### **Fairness and Accuracy in Reporting (FAIR)**<sup>64</sup>

FAIR is more than just alternative news. It acts to support journalists whose stories are suppressed, prints stories other than mainstream viewpoints, and prints articles on the public interest. It publishes a media critique magazine called “Extra,” and researches sexism, homophobia, and racism in the media. Its radio show is called “CounterSpin.” You can sign up for Action Alerts where it will email to you information about a current issue and to whom you can write about it.

### **Common Dreams News Center**<sup>65</sup>

Common Dreams is the website to visit first if you are looking for the breadth of progressive groups and movements in the US. It has links to progressive organizations, radio stations, alternative presses and news services, periodicals, weekly columns from around the country, television shows, and selected reprinted articles. One webpage, called “America’s Progressive Community”<sup>66</sup> gives an extraordinary list of progressive websites of various interest groups.

### **Independent Media Institute’s Alternet Project**<sup>67</sup>

Alternet provides its own articles and reprinted articles on current events in the US and around the world. It holds online discussion groups, provides in-depth information on a variety of issues, highlights some columnists, and maintains archives of past articles.

### **Information Clearing House**<sup>68</sup>

The Clearing House, or “News You Won’t Find on CNN or Fox News” posts articles of import from around the world that you do not find in major US newspapers. It also links you to a variety of international news sites (even Al Jazeera, the BBC and Israel National TV News), multimedia sites, links to numerous international papers, magazines

(progressive and conservative), media subversion sites, and sites to some weekly publications.

### **TruthOut**<sup>69</sup>

TruthOut posts articles on current events and politics from a variety of other newspapers, as well as offering its own editorials. They cover many topics, including Voting Rights, Environment, Budget, Children, Politics, Indigenous Survival, Energy, Defense, Health, Economy, Human Rights, Labor, Trade, Women, Reform, and Global issues.

### **Independent Media Center (IMC)**<sup>70</sup>

The IMC describes itself as “a collective of independent media organizations and hundreds of journalists offering grassroots, non-corporate coverage. Indymedia is a democratic media outlet for the creation of radical, accurate, and passionate tellings of truth.” This site links you with international radio broadcasts and television video, as well as projects and upcoming events.

### **The Media Channel**<sup>71</sup>

This site is a project of Globalvisions News Media to connect over a thousand organizations worldwide in their effort to disseminate breaking news and watch major media organizations to see how they report or distort the news. This is currently the best watchdog site of news media at an international level. It has a strong advocacy message to uphold democracy through accessing information and encourages journalists to speak out if their words are being censored.

### **Project Censored**<sup>72</sup>

This media research team gathers news from around the world that is ignored, under-reported, or incorrectly reported, verifies accuracy and then posts the top 25 of each year. It sells yearbooks of these top stories and some of them are available on its webpage.

## ACADEMIC INSTITUTES

### **Rockridge Institute**<sup>73</sup>

Rockridge’s scholars work on several projects to help progressives effectively communicate their message, link it with a moral societal vision, and build more bridges between diverse progressive groups. They study language and the framing of issues, want to shift political discussions from free market assumptions to moral economy arguments, regain the

historical strength of reproductive rights, and have started a fellowship program so younger progressives can link to historic progressive writers and learn how better to communicate their progressive vision.

### PROGRESSIVE TV AND RADIO

#### **Free Speech TV**<sup>74</sup>

This is a progressive channel on Dish Network Channel 9415 and some community access cable stations. The website has programming to find programming for particular areas.

#### **Air America Radio**<sup>75</sup>

This liberal radio network started on March 31, 2004 and has grown to 35 cities nationwide. Funny and politically savvy (hosts like Al Franken), finally a full-time liberal radio station to counteract the numerous conservative radio shows.

#### **Go to Common Dreams website (see note 58)**

A list of progressive radio shows.

### CONCLUSION

If, from this brief and incomplete survey of the opposition in the US, we find evidence of public opposition against Bush, why aren't more Americans aware of these movements? Grassroots movements and alternative press and education need time to filter through society when mainstream media rarely acknowledge them. Television, radio, and cable industries are predominantly controlled by multinational corporations, which only allow programming and newscasts that maintain the status quo. 2003 saw an ominous turn of events when Bush and the Federal Communications Commission (FCC) loosened rules on media ownership, allowing Rupert Murdoch in December to buy DirectTV, making him America's new media baron. Murdoch can now push his right-wing agenda even more forcefully through vertical integration of book publishers, newspapers, radio stations and TV stations, as he has already done through the Fox network and the *New York Post*.

Although the majority of Americans who are looking for news are looking for it on TV, the good news is there is a rise in readership or membership in alternative presses and progressive organizations and websites, and some Americans are turning to the BBC to get a

different take on international issues. Once adults are out of their school years, they rely on TV and print for any additional education, thus, the importance of diffusing progressive messages in a variety of formats to spread the word. Getting involved locally in fighting local government or corporate actions that endanger public health or impoverish future generations is empowering. Acting at the local level also gets local news coverage, so citizens *will* see progress and protest on TV. Getting involved and acting at the local level not only spreads activism at the local level, but translates into citizens understanding that their attention and action is also needed at the national level. Like the 1960s, where young people around the country started to pay attention to government and widely protested government action against the public interest, we see a resurgence in this kind of interest and activism today. What such a movement needs is coverage in the mainstream media so that busy adults holding down jobs and raising their kids hear that others are starting to act and protest against the position in which Bush has placed our country, both domestically and internationally. In the last few years, the poor economy and low-level fear created from ongoing terrorist alerts keep many people too harried and absorbed in their day-to-day lives to attend to government policies. This also means that people like you need to tell your friends and neighbors what is going on just outside of their daily world and what it means to them.

This brings us to discussing the power balance between politics and civil society. The theory of pluralism in the US assumes that various associations centered around differing interests like education, religion, civic organizations, labor, business groups, etc., will each be able to have a voice in the competition for government to put their interests on the agenda and support their policies. However, as many writers have recently noted, the robber baron era seems to have returned, with industry rather than the public having access to government and its creations. Industrial and religious associations have been gaining power while education, labor, and civic organizations have significantly lost power. More citizens need to rise up rather than acquiesce to the greater dominance of industry and religious groups in government policy. Individuals are far more powerful than they first assume themselves to be. Coalition-building, activism, and solidarity have achieved wonderful progress in the past, as they will again.

In the short term, the 2004 presidential election brings national issues like health care, education, foreign policy, national debt, and environmental health to the foreground, as Bush must continually beat back accusations made by his Democratic contender. This means that in an election year, the voters and undecided voters are reminded

repeatedly about these issues in the news, and this may energize them to participate more. I believe that the election year will highlight not only Bush Gang's egregious actions, but also important issues like energy and education that Bush and Congress have inadequately dealt with, and so, reverse the trend the US has seen of decreased participation in civil society.

In the longer term, more information will have had time to disseminate throughout the country through non-mainstream venues that will force more citizens to become active and start once again to watch their government. Thus, a larger organized opposition to Bush will develop as single interest groups merge their efforts. Many Americans agree that industry has too much power over government, but they have not had enough time for the implications of that to sink in, or for the painful reality of that to hit home. Once it does, we will see the same type of effective, sustained protests we saw when New York families insisted on an investigation into 9/11. Once citizens realize the links between the current structures of power and how relatively few individuals from government, industry, civic organizations, media, and banking orchestrate policy and law, they will act to wrest back power. Citizens will move beyond insisting on investigations to voting the powermongers out of office. Americans certainly have a history of being willing to raise their voices to protest government wrongdoing—you just have to get their attention.

Now that you have read this book, I am sure that we have your attention. Most of the book has given you but a brief glance at what Bush Gang is doing and its likely trajectory. As the Foreword noted, there are many more aspects of Bush Gang that need to be covered, but that could not fit in this book. The book is sobering, enlightening, and, with this last chapter, encouraging. This book is evidence of what Bush Gang has done, and some indication of how the growing opposition is responding. These few organizations mentioned in this chapter are the signposts to your next steps. Stand with us and take them!

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*Compiled by Auriol Griffith-Jones*

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