

The Clinton Vision

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January 1994

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At the end of September, the Clinton Administration finally addressed “the vision thing” in the domain of foreign policy, with major addresses by the President and Secretary of State, and of particular significance, by National Security Adviser Anthony Lake, who laid forth the intellectual foundations of the new Clinton doctrine at the Johns Hopkins School of Advanced International Studies. A new National Export Strategy was announced that set guidelines for international economic policy, and a White House panel on intervention applied the doctrine in this particular sphere, all within a few days. The seriousness of the enterprise was duly recorded with such headlines as “U.S. Vision of Foreign Policy Reversed” (Thomas Friedman, New York Times), implying a dramatic policy change.¹

The new vision is based on a picture of the contemporary world that has risen well beyond opinion, to the heights of truism. The picture is sketched eloquently by the Times chief diplomatic correspondent, Thomas Friedman: “America’s victory in the cold war,” Friedman wrote a year ago, was “a victory for a set of political and economic principles: democracy and the free market.” At last, the world is coming to understand that “the free market is the wave of the future — a future for which America is both the gatekeeper and the model.”²

The term “gatekeeper” has an ominous ring. The whole affair merits some thoughts about how we keep the gates, who we let in, and what kind of model we are to offer to the world. We begin with Anthony Lake’s address, recognized to be the centerpiece of the new vision.

1. “From Containment to Enlargement”

A long-time liberal dove, Lake explained that “Throughout the cold war, we contained a global threat to market democracies: now we should seek to enlarge their reach.” Containment having succeeded, we can now go on to “enlargement — enlargement of the world’s free community of market democracies.” The title of his address is: “From Containment to Enlargement.” That is the new vision that replaces the defensive stance of the past half century. People everywhere can only hail this new departure, realizing that “of course” the US is unlike any other nation past or present, Lake observes, in that “we do not seek to expand the reach of our institutions by force, subversion or repression.” Commentators were duly impressed by this enlightened stance.

A rational person who wanted to know what Russia (pre-Gorbachev) was *trying to do* in world affairs would, naturally, look at what Russia *did do* where its influence reached, specifically, in the East European satellites. Undertaking that exercise, sane people — assuming that they did not simply collapse in ridicule — would have known how to evaluate an announcement by Leonid Brezhnev that the USSR would no longer be content with containing the Evil Empire, but would now move on to “enlargement” of the community of free and democratic societies. Similarly, sane people who wanted to know what the US is trying to do in world affairs would look at what it *has done* where its influence reached, and would evaluate the announcement of the new vision in these terms — again, assuming that they did not simply collapse in ridicule. It is interesting

¹ Address by the President to the UN General Assembly, Sept. 27; Speech by Secretary of State Warren Christopher, Columbia U., Sept. 20, 1993. Remarks of Anthony Lake, Assistant to the President for National Security Affairs, Johns Hopkins U, SAIS, Sept. 21; Thomas Friedman, “U.S. Vision of Foreign Policy Reversed,” NYT, Sept. 22; Lake, NYT, Sept. 26, 1993. Keith Bradsher, “Administration Plans New Export Initiative,” NYT business section, Sept. 28; Michael Frisby, WSJ, Sept. 29, 30, 1993. Elaine Sciolino, “U.S. Narrows Terms for Its Peacekeepers: A White House panel asks, What is in it for us?,” NYT, Sept. 23, 1993.

² Friedman, NYT Week in Review, June 2, 1992.

that the questions that would occur to a moderately intelligent 10 year old do not seem to have been raised.

This stance might be justified by the argument often voiced in sophisticated circles that in the special case of the United States, facts are irrelevant. Thus in the prestigious journal *International Security*, the Eaton Professor of the Science of Government at Harvard instructs us that the United States must maintain its “international primacy” for the benefit of the world, because its “national identity is defined by a set of universal political and economic values,” namely “liberty, democracy, equality, private property, and markets” (Samuel Huntington). Since this is a matter of *definition*, so the Science of Government teaches, it would be an error of logic to bring up the factual record, and we would simply be illustrating our silliness by doing so, as if Orwell’s Winston Smith had experimented with objects scattered on a table top to test Big Brother’s denial that $2+2 = 4$.³

Lacking sophistication, let us proceed nonetheless.

We might also tarry briefly on Orwell’s core concerns, not given quite the prominence of his critique of the official enemy. In an unpublished introduction to *Animal Farm*, Orwell wrote that “The sinister fact about literary censorship in England is that it is largely voluntary. Unpopular ideas can be silenced, and inconvenient facts kept dark, without any need for any official ban.” The desired outcome is attained in part by the “general tacit agreement that ‘it wouldn’t do’ to mention that particular fact,” in part as a consequence of media concentration in the hands of “wealthy men who have every motive to be dishonest on certain important topics.” As a result, “Anyone who challenges the prevailing orthodoxy finds himself silenced with surprising effectiveness.”

Orwell believed that the United States was different, more free and open. That error was not made by John Dewey, more familiar with US intellectual culture. Speaking of “our un-free press,” he observed that critique of “specific abuses” is of limited value: “The only really fundamental approach to the problem is to inquire concerning the necessary effect of the present economic system upon the whole system of publicity; upon the judgment of what news is, upon the selection and elimination of matter that is published, upon the treatment of news in both editorial and news columns.” We should ask “how far genuine intellectual freedom and social responsibility are possible on any large scale under the existing economic regime.” Not very far, he judged.⁴

The reaction to Clinton’s new vision falls well within these strictures, though to document the (virtually exceptionless) pattern of which this is a typical instance is something of a waste of time, as Orwell and Dewey recognized. The more firmly conclusions are established that challenge system-supportive doctrine, the more they must be suppressed; if the conclusions were established by the standards of physics, they would have to be buried so deep in the memory hole as to be completely beyond recovery. Those who fail to grasp these simple requirements would be well advised to seek a trade outside of the respectable intellectual culture, where the gatekeepers understand what “it wouldn’t do” to say or think.

Returning to the questions that would at once occur to a naive ten year old, to evaluate the announcement of the new vision, we turn to US behavior in regions where its influence reached. There are many choices, the US being a global power. But the most illuminating will surely be

³ *International Security*, 17:4, 1993.

⁴ Orwell, unpublished preface for his *Animal Farm*; published by Bernard Crick in *Times Literary Supplement*, Sept. 15, 1972; reprinted in *Everyman’s Library* edition. Jo Ann Boydston, ed., *John Dewey: The Later Works*, vol. II, from *Common Sense*, Nov. 1935; see *Necessary Illusions*, chap. 5.

the Western Hemisphere, where the US has long run the show virtually without interference, so its deepest values and convictions are revealed with great clarity.

According to the doctrine that we are to accept as unquestioned truth, “throughout the Cold War we contained a global threat to market democracies” in the Western hemisphere, never having sought to expand our power “by force, subversion, or repression,” from the days when we were “exterminating...that hapless race of native Americans...with such merciless and perfidious cruelty” (John Quincy Adams), until the present. To put the best possible face on the higher truths that it is unthinkable to question, let us select the peak moments of American liberalism, the days of JFK and LBJ (who far surpassed his predecessor in his commitment to liberal ideals). Taking just the most important case of the many that come to mind, the higher truth entails, then, that at the peak of modern liberalism, JFK and LBJ dedicated themselves to the violent overthrow of the parliamentary government in Brazil in favor of a National Security State in order to contain a global threat to market democracy.

So, indeed, the matter was perceived. Kennedy’s Ambassador Lincoln Gordon, who moved on to Washington after helping lay the groundwork for the coup, lauded the “democratic rebellion” of the neo-Nazi Generals as “a great victory for the free world,” “one of the major turning points in world history.” “The principal purpose for the Brazilian revolution was to preserve and not destroy Brazil’s democracy,” the respected liberal democratic statesman informed Congress two years later, while the torturers and murderers were — very visibly — at work. It was “the single most decisive victory of freedom in the mid-twentieth century,” he testified, and should “create a greatly improved climate for private investments” — a comment we may file away for later reference. After leaving the State Department, Gordon went on to become the President of Johns Hopkins University, where Lake announced the new revolution in foreign policy.

As the Generals instituted a regime of fascist terror, Brazil became “the Latin American darling of the international business community,” the business press reported. It was also hailed by the leading academic apostles of the free market, much impressed by the purity of doctrine of the technocrats and the “miracle” they had wrought — though in fairness, it should be added that there were occasional reservations about the sadistic violence by which the miracle was instituted. The euphoria persisted through the 1980s, until the fortunes of the rich began to be affected by the economic disaster, at which point the methods that had been hailed as a “real American success story,” yielding “impressive economic growth based solidly on capitalism,” were suddenly transmuted to a proof of the failure of statist interference with our market ideals; the self-adulation, not untypical, is quoted from a highly regarded 1989 scholarly monograph by Gerald Haines, senior historian of the CIA.⁵

Brazil is a highly illuminating case, perhaps the reason why “it wouldn’t do” to reflect on the obvious lessons. Brazil is far and away the most important country in Latin America, firmly under US control since 1945, when it became a “testing area for modern scientific methods of industrial development” applied by US experts, Haines observes with pride. It is a country with enormous resources that should be the “Colossus of the South,” ranking alongside the “Colossus of the North,” as predicted early in the century. It has had no foreign enemies, and benefited not only from careful US tutelage but also from substantial investment. It therefore shows with great clarity just what the US can achieve in “enlarging the free community of market democracies” under conditions that are near ideal.

⁵ For references, see my Year 501 (South End, 1993), chap. 7.

The successes are real enough. Brazil has enjoyed a very high growth rate, which conferred enormous wealth on everyone except its population — apart from the top few percent, who live at the standards of the wealthiest Westerners. It is a sharply two-tiered society. Much of the population live at a level reminiscent of Central Africa. As Haines was hailing the success story of American style capitalism, the UN Report on Human Development ranked this rich and privileged country in 80th place, alongside of Albania and Paraguay. In the northeast, Brazilian medical researchers describe a new subspecies: “pygmies,” with 40% the brain capacity of humans, thanks to severe malnutrition in a region with fertile lands, owned by large plantations that produce export crops in accord with the doctrines preached by their expert advisers. Hundreds of thousands of children die of starvation every year in this success story, which also wins world prizes for child slavery and murder of street children — in some cases for export of organs for transplant, according to respected Brazilian sources.

Perhaps Brazil was unusual. We might therefore look elsewhere, perhaps Guatemala, turned into a “showcase for capitalism” in 1954 when Washington overthrew the democratic capitalist government and soon to celebrate the fortieth year of our achievements in exterminating another “hapless race of native Americans with such merciless and perfidious cruelty,” along with others who were in the way. Or El Salvador, the recipient of some \$6 billion in “aid” from the US in the 1980s. The results, always well known outside of Orwell’s “prevailing orthodoxy,” were recently reviewed by the UN Truth Commission, which attributed 85% of the horrendous record of atrocities to the security forces trained, armed, and advised by the US, and another 10% to the death squads linked to them and to the wealthy business sector that the US expects to keep firmly in power. The media meanwhile professed shock at the revelation of what they had chosen to suppress when it mattered. The Clinton Administration responded by establishing a Commission to inquire into this grim history; its mandate was to improve procedures, nothing more, because “We don’t want to refight the battles of the 80’s. We’re not a house-cleaning Administration.” The Salvadoran government agreed, issuing an amnesty for the killers and torturers in gross violation of the peace accords that established the Truth Commission, which stated that the guilty must be punished, and rejecting the Truth Commission demand that the Supreme Court be dismantled in view of its record of complicity in atrocities.

Immediately after the Truth Commission report appeared, the political party of the killers (Arena), which the US continues to support, held its convention to nominate its candidate for the coming election, Armando Calderon Sol. The party dedicated itself anew to defending the memory of the founder, Roberto d’Aubuisson, one of Central America’s great murderers, trained at the School of the Americas, now at Ft. Benning, Georgia. Calderon Sol declared that the party is united “more than ever to defend [d’Aubuisson’s] memory,” while the convention hall echoed with the Arena theme song, which pledges to make “El Salvador the tomb where the Reds will end up” — the term “Reds” being understood quite broadly, as events have shown.⁶

In El Salvador too our defense of market democracy has spared its beneficiaries no horror. The Salvadoran government procurator for the defense of children, Victoria de Aviles, recently acknowledged that the “big trade in children in El Salvador” involves not only kidnapping and a gratifying improvement in exports, but also their use “for pornographic videos, for organ transplants, for adoption and for prostitution.” Hardly a secret, veteran British Latin America corre-

⁶ For references, see my *World Orders, Old and New* (forthcoming). See this and Year 501 for sources not cited here.

spondent Hugh O’Shaughnessy observes, recalling his direct observation of an operation of the Salvadoran army in June 1982 near the River Lempa, where the US-trained troops “had a very successful day’s baby-hunting,” loading their helicopters with 50 babies whose “parents have never seen them since.” O’Shaughnessy’s report on “Takeaway babies farmed to order” appeared in the London Observer the same day that the Times featured Anthony Lake’s uplifting and admired remarks on “enlargement” of our traditional mission of mercy and benevolence.⁷

There is no need to review further how we have “contained a global threat to market democracy” in “our little region over here,” as FDR’s Secretary of War, Henry Stimson, described the Western hemisphere. It is enough to recall a warning issued by Simon Bolivar in 1822, as he sought to liberate Latin America from Spanish rule: “There is at the head of this great continent a very powerful country, very rich, very warlike, and capable of anything” – including the evasion of “inconvenient fact.”

US power has of course reached far beyond the Western hemisphere. The obvious example that our hypothetical ten year old would look at to evaluate the presupposed higher truth is the Philippines, which has benefited from almost a century of US rule, tutelage, and assistance since its liberation-through-slaughter. The country is situated in the world’s leading growth area, in which it remains the sole basket case, very much on the Latin American model. Could that tell us something about our role in advancing market democracy? One could write a revealing article reviewing how the question has been addressed in the respectable literature; a very brief article.

We learn more about our role as “gatekeeper and model” from a World Bank study reported in the London Financial Times just as the new vision of foreign policy was released here.⁸ The World Bank found that Latin America has “the most unequal income distribution in the world,” and predicted “chaos” unless governments “act aggressively against poverty,” which is truly appalling in its depth and scale. Why should Latin America win this glorious record too? Another obvious question, lying well beyond the horizons of respectability.

Those interested in an answer might look back to 1945, when the US was setting out on its crusade to “contain the global threat to market democracies” – or as the senior historian of the CIA puts it, when “the United States assumed, out of self-interest, responsibility for the welfare of the world capitalist system.” In “our little region over here,” our foreign enemies – France and Britain – were to be displaced, so we would have a free hand. That was simple enough, but another problem arose: Latin Americans had not taken the right graduate courses and didn’t understand the fundamental principles of economic rationality, which required that their development be “complementary” to the US economy, in accord with the sacred principle of comparative advantage. The Latin American countries advocated what a State Department officer described as “The philosophy of the New Nationalism,” which “embraces policies designed to bring about a broader distribution of wealth and to raise the standard of living of the masses.” Another State Department expert reported that “Economic nationalism is the common denominator of the new aspirations for industrialization. Latin Americans are convinced that the first beneficiaries of the development of a country’s resources should be the people of that country.” These mistaken priorities ran directly counter to Washington’s plans. The issue came to a head in a February 1945 hemispheric conference, where the US put forth its “Economic Charter of the Americas,” which called for an end to economic nationalism “in all its forms.” The first beneficiaries of a

⁷ Observer, Sept. 26, 1993.

⁸ Stephen Fidler, “Latin America ‘chaos’ warning,” FT, Sept. 25/26, 1993.

country's resources must be US investors and their local associates, not "the people of that country." There can be no "broader distribution of wealth" or improvement in "the standard of living of the masses," unless, by unlikely accident, that happens to result from policies designed to serve the interests of those with first priority.

Given US power, economic rationality prevailed, with the consequences that the World Bank now fears. All happily invisible to the triumphalists.

Perhaps something changed in more recent years, say the 1980s, when the yearning for democracy became a leading principle of our foreign policy, right-thinking people know. Instead of rendering my judgment, let me cite that of Reagan insider Thomas Carothers, a State Department official in the Latin American Bureau who "worked on a variety of assistance projects designed to promote democracy in Latin America and the Caribbean," he reports, and has written extensively on the consequences; he has no doubts about the "sincerity" of the efforts, though even his own account suffices to show that they were utterly cynical in conception.

Carothers finds a correlation between US influence and the rise of democracy in the hemisphere: a *negative* correlation. Where US influence was least, in the southern cone, steps towards democracy took place, opposed by the Reagan Administration, which later hastened to take credit for them. Where US influence was greatest, the effects were worst, in fact far worse than Carothers recognizes given his crabbed conventional conception of "democracy," though he clearly articulates the main point. Washington adopted "prodemocracy policies as a means of relieving pressure for more radical change," he writes, "but inevitably sought only limited, top-down forms of democratic change that did not risk upsetting the traditional structures of power with which the United States has long been allied." Its "impulse is to promote democratic change, but the underlying objective is to maintain the basic order of what, historically at least, are quite undemocratic societies." The US keeps to "very limited, controlled forms of democratic change" because of its "deep fear...of populist-based change in Latin America — with all its implications for upsetting established economic and political orders and heading off in a leftist direction."⁹

Washington's allies, therefore, are "the existing power structures," not those who work "from the bottom up to spread the ideas and principles of a democratic society among the citizenries." These miscreants, in fact, are the ones left in ditches, tortured and mutilated, dismissed to their proper place by the security forces we train, arm, and advise — though awareness of that decisive truth is too much to expect.

What of the "global threat" to the "market democracies" we were defending in Latin America? Take Brazil, where US intelligence could find no hint of Soviet intrusion, even if that were imaginable. In fact, in "our little region" there have been no Russians in sight, unless we virtually invited them in. It is perfectly true that targets of US attack sought help from somewhere, and since they were not going to get it from the subordinates of the Enforcer, they ultimately turned to the Russians, who were sometimes willing to help, for their own cynical reasons, in which case the US victims became tentacles of the Evil Empire, whom we must destroy in self-defense.

By similar logic, a Soviet Anthony Lake could have argued that the USSR was defending freedom and democracy in Afghanistan from the "global threat" of American imperialism and its terrorist forces — who, since liberation from Soviet rule, have been destroying and massacring with great zeal and success, another "inconvenient fact" that merits little notice. There would,

⁹ Carothers, in Abraham Lowenthal, ed., *Exporting Democracy* (Johns Hopkins, 1991); *In the Name of Democracy* (U. of California, 1991).

for example, be little utility in focusing on the exploits of the CIA favorite Gulbuddin Hekmatyar, one of the world's most extreme Islamic fundamentalist fanatics, who bears primary responsibility for 30,000 deaths in the capital city of Kabul alone according to the London Economist, surpassing Pol Pot in Phnom Penh, it appears.

Perhaps the "global threat" refers to indigenous Communists. Here there is much to say, including some reflections on the familiar doctrine that democracy requires exclusion of "Communists" from the political system, by violence if necessary. Thus when the US-backed terror regime was doing its work in Iran after the 1953 CIA-MI6 coup that overthrew the conservative parliamentary government, the New York Times praised the US clients for their "long record of success in defeating subversion without suppressing democracy," noting with pleasure the suppression of the "pro-Soviet Tudeh party," formerly "a real menace" but "considered now to have been completely liquidated," and the "extreme nationalists" who had been almost as subversive as the Communists — all liquidated without suppressing "democracy." The practice is, again, standard, and passes with little comment, given the prevailing concept of "democracy."

Still more interesting, perhaps, is the way the concept "Communist" is understood. Here the record is voluminous and consistent: to gain the title "Communist," it is enough to work "from the bottom up," appealing to the "poor people" who "have always wanted to plunder the rich," as John Foster Dulles described the plague. That is precisely why the US terror war in Central America, motivated by the "sincere impulse" to bring democracy, was in large measure a war against the Church — "Communists," in the technical sense, once the Bishops had adopted "the preferential option for the poor." Nothing changes in this regard as new visions replace the old.

The Bush-Clinton approach to Haiti reveals the pattern of continuity with only tactical modifications. The matter requires much more careful treatment, but a close look will show that since the military coup that overthrew President Aristide, the basic goal has been to impose a settlement that will deny more than a figurehead role to the elected President, much disliked in Washington and New York because of his remarkable base of support in popular organizations that threaten to bring about functioning democracy. If Aristide can be returned alive, fine; it will offer opportunities for pieties about our dedication to democracy. But the bottom line is that effective power must remain with the "moderate" and "progressive" sectors of the business classes — meaning those who do not see massacre and torture as the optimal means to dominate and marginalize the poor majority. In the interests of "democracy," the ruling sectors will have to be "broadened" to include the torturers and murderers as well — "conservative critics close to the military," as the New York Times prefers to call them.¹⁰ No problem, because the military will be professionalized by US trainers, that is, by the same people who have already civilized the top command in Ft. Benning, including those now orchestrating the bloodbath — facts quietly omitted from the standard resumes.

But the government will not be "broadened" to include the overwhelming majority of the population, who are to be reduced to traditional passivity by the effective use of terror, their organizations decimated and their leaders either killed or placed in remote cubicles. We will then be told that this is the best form of "democracy" for backward peoples lacking our sophistication, democratic culture, civility and respect for others, and our traditions of freedom and justice.

An important fact about our intellectual culture is that people can read and write about our long-term policies of defending market democracy from the Communist threat without laughing.

¹⁰ Howard French, NYT, Oct. 21, 1993.

That takes no little talent. It is real tribute to the educational institutions and the information system.

2. Defending Market Economies

Let us drop the drivel about our love of democracy and look at the market, thus at least approaching the real world. Recall the one quoted statement of Lincoln Gordon's that does not simply send shivers up the spine: the neo-Nazi triumph should "create a greatly improved climate for private investments," as indeed it did. It is quite true that we seek to impose market discipline on the Third World, now including the large regions of Eastern Europe that are to return to their Third World origins. But the odes to the market are carefully crafted to conceal two important facts. First, market discipline in the Third World is attractive because it will leave the societies open to Western plunder. Second, the wonders of the market are for them, not us, and have always been: every successful developed society, from Britain to the East Asian Tigers and dramatically including the US, gained this status by radical violation of the doctrines we impose on the poor and keeps that status in the same way.

The second prong of the new vision, Clinton's new international economic program, reflects the understanding of these truisms. While Administration rhetoric on the marvels of free trade boomed on the front pages as part of the PR campaign to ram through an unpopular (and in fact, highly protectionist) version of a North American "free trade" agreement (NAFTA), the business sections reported the new National Export Strategy that is to go far beyond the "less coordinated efforts" of Reagan and Bush, with a planned expansion of Export-Import Bank lending, which as the Reaganites had conceded in their day, already violated GATT rules. The Clinton Administration opposes the measures it is implementing, the press reported, because "they amount to government subsidies that distort international markets." But there is no contradiction. As explained by Ex-Im Bank President Kenneth Brody, "by creating such a program in the United States, the Clinton Administration would have more influence in seeking international limits on such lending." The President also approved an independent program that would release \$3 billion in loan guarantees to domestic and foreign buyers of US-built ships — again, for the purpose of inducing others to end such gross interferences in the market, the Wall Street Journal explained.

The logic will be recognized instantly: war brings peace, crime brings law, arms production and sales bring arms reduction and nonproliferation, overthrowing democratic governments brings "showcases for democracy," etc. In simple words, anything goes, as long as there is a good answer to the question: "What is in it for us?"

The simple truths were underscored by Clinton's Treasury Secretary Lloyd Bentsen: "I'm tired of a level playing field," he said: "We should tilt the playing field for U.S. businesses. We should have done it 20 years ago." In fact, "we" (meaning state-corporate power) have been doing it for two centuries, dramatically so in the past 50 years, even more under the Reaganites. But that is the wrong image to convey. It is preferable to speak warmly of Carter-Reagan achievements in moving "toward a defense buildup and less government intervention in the economy" — Harvard economist and Wall Street Journal contributing editor Robert Barro, pretending (it has to be a pretense) that he does not know that the Pentagon is, and has been explicitly designed to be, a

massive form of government interference in the economy to ensure that high-tech industry feeds at the public trough.¹¹

As I discussed here in February, the Reaganites had forged new paths in violating market orthodoxy for the benefit of US-based corporations, but they did not go far enough to satisfy the business community, one reason for the substantial corporate-financial support for Clinton's program as a New Democrat. And the new programs, like the old, are described in the business press, renowned for its devotion to the needs of working people, as aimed at increasing "jobs," a term that has taken on the meaning of the unpronounceable word "profits" in conventional Newspeak.

The phrase "What is in it for us?" is not mine. I stole it from the third component of the new Clinton vision, the decisions of the White House panel on intervention. The Clinton panel determined to put an end to the era of altruism. No more "nice guy," as in the days when we turned much of the world into graveyards and deserts. Henceforth the guiding consideration will be "What is in it for us?," the words that the New York Times highlighted in its report.

Thomas Friedman's full report on the new "enlargement" doctrine fills in the picture. The National Security Adviser, he observed, had focused on the fact "that in a world in which the United States no longer has to worry daily about a Soviet nuclear threat, where and how it intervenes abroad is increasingly a matter of choice." That is the "essence" of the new doctrine, Friedman emphasized, a doctrine that clearly and explicitly reflects the understanding that the "nuclear threat" was the Soviet deterrent to US intervention. Now that the deterrent is gone, intervention can be freely undertaken, as had been observed years earlier by others, with the Cold War winding down.

Summarizing, the new vision is that in the international economy, we will no longer be satisfied by a "level playing field" for US corporations, but will construct a proper tilt by violating free trade rules even more thoroughly than before. And with the deterrent gone, we will intervene where and how we choose, though only when there is something in it for us. The technical term for this stance is "the Politics of Meaning," to which the Clintons are said to be sincerely devoted.

Actually, there is nothing new in the new vision, apart from tactical adjustments reflecting new realities of global power. The mood of despair in the Third World is easy to understand, quite apart from the catastrophe of global capitalism that has ravaged the traditional colonies. It is captured by a leading Brazilian theologian, Cardinal Paulo Evaristo Arns of Sao Paulo, Brazil, who observes that throughout the Third World "there is hatred and fear: When will they decide to invade us," and on what pretext? And by Egypt's leading newspaper, the quasi-governmental *Al-Ahram*, which describes the new world order as "codified international piracy."

Another component of the new vision was leaked to the press as its basic features were being presented in public: a draft report on government secrecy sent to the National Security Council by Clinton's Information Security Oversight Office. The report recommends that classified documents be held for longer than was the practice during the Cold War, apart from the rule of the Reaganite reactionaries, whose commitment to state power and secrecy went far beyond the norm. Their 1982 decision to keep "virtually all [secret government] documents classified indefinitely" is to be relaxed, AP reported, with restrictions of only up to 40 years, as compared to Nixon's "hold period" of 30 years and Carter's of 20 years. The Clinton task force also recom-

¹¹ Keith Bradsher, "Administration Plans New Export Initiative," NYT business section, Sept. 28; Michael Frisby, WSJ, Sept. 29, 30; Barro, WSJ, Oct. 25, 1993.

mended slow and extremely costly document-by-document review instead of declassification en masse, and called for “balancing public interest and national security concerns,” as determined by “agency officials.” The procedure for automatic declassification of certain top secret documents, set at 10 years by Nixon and 6 by Carter, is should be extended to 15 years, the task force proposed.¹²

Returning to our attitude towards markets, the doctrinal system has faced unexpected problems among the population, who were expected to sit by in silence and ignorance while the state executives rammed through their secret version of NAFTA, grossly misdescribed as a “free trade agreement.” In the light of unanticipated popular opposition, it has been necessary to revive traditional modes of population control.

In earlier years, huge propaganda campaigns had been undertaken to overcome deviant ideas among the general public, notably after World War II, when the world was swept by a current of social reform, bitterly fought by the US government at home and abroad. Success in reversing these trends was great in most of the world, including the United States itself, though in Europe and Japan the attack on labor and democracy did not achieve all of its goals and countries adopted a kind of “social contract” that included such depraved ideas as health care, workers’ rights, and other departures from the principles for which we serve as a gatekeeper and a model.

In the US, the wave was beaten back in part through massive propaganda efforts orchestrated by the Chamber of Commerce and the Advertising Council, which conducted a \$100 million campaign to use all media to “sell” the American economic system — as they conceived it — to the American people. The program was officially described as a “major project of educating the American people about the economic facts of life.” Corporations “started extensive programs to indoctrinate employees,” the leading business journal *Fortune* reported, subjecting their captive audiences to “Courses in Economic Education” and testing them for commitment to the “free enterprise” system — that is, “Americanism.” The scale was “staggering,” sociologist Daniel Bell (then a *Fortune* editor) observed, as the business world sought to reverse the democratizing thrust of the Depression years and re-establish the ideological hegemony of the “free enterprise system.” A survey conducted by the American Management Association (AMA) found that many corporate leaders regarded “propaganda” and “economic education” as synonymous, holding that “We want our people to think right.” The AMA reported that Communism, socialism, and particular political parties and unions “are often common targets of such campaigns,” which “some employers view...as a sort of ‘battle of loyalties’ with the unions” — a rather unequal battle, given the resources available, including the corporate media, which offered the services free of charge, then as now.

The results were remarkable, leaving the US off the spectrum of industrial societies on social issues and basic human rights. Health care is one case that finally gained attention, as the highly bureaucratized and inefficient private system began to become too much of a burden to corporations, though the US will remain alone, it seems, in ramming through — again, over popular opposition — a system that is highly regressive (not tax-based) and that attends carefully to the needs of the few huge insurance companies that are to take the central management role, at substantial public cost.

We might note that this is characteristic of the “welfare state.” A *minimally* realistic picture of the phenomenon will take into account the fiscal measures designed to benefit the rich, which

¹² Josef Hebert, AP, Sept. 30, 1993.

amount to hefty government welfare payments. Reviewing the scale of these devices, political scientist Christopher Howard points out that “one crucial fact remains: the middle- and upper-income classes are the main beneficiaries of the hidden welfare state.” Thus “over 80% of the tax benefits for home mortgage interest, charitable contributions, and real estate taxes go to those earning more than \$50,000,” not to speak of “the large fraction of tax expenditures that subsidize corporate fringe benefits.”¹³ Moving on to a *fully* realistic conception of the “welfare state,” we will also take account of the Pentagon system, export promotion devices, and other measures designed to provide taxpayer subsidies to the wealthy – to protect “jobs,” in standard parlance. The new health reform program is well-crafted to satisfy the conditions of one-sided class warfare that guide policy generally.

On health reform, it has so far been possible to keep the options within a narrow spectrum that excludes the general public, which continues to favor a standard tax-based (single-payer) system by considerable margins, as has been the case from the mid-1940s.¹⁴ But on “free trade,” discipline eroded significantly (not necessarily for good reasons, a different matter). Accordingly, as noted, it was necessary to undertake “population control measures,” to adopt some terminology of counterinsurgency literature.

Returning to the traditional methods pioneered by the PR industry, the New York Times, in a front-page story, graciously provided the foolish masses with “A Primer: Why Economists Favor Free-Trade Agreement.” Critics of the executive version of NAFTA are declared to be “malicious” liars, with what they say entirely ignored apart from the easy and irrelevant targets. The Times patiently explains the “fundamental insights” about international trade that have not changed for 250 years, citing the “legendary textbook” in which Paul Samuelson quotes John Stuart Mill as saying that international trade provides “a more efficient employment of the productive forces of the world.” Who but a lunatic could oppose that?¹⁵

To be concrete, who but a lunatic could have opposed the development of a textile industry in New England in the early 19th century, when British production was so much more efficient that half the New England industrial sector would have gone bankrupt without very high protective tariffs, thus cutting short industrial development in the United States? Or the high tariffs that radically undermined economic efficiency to allow the United States to develop steel and other manufacturing capacities? Or the gross distortions of the market that created modern electronics? Who could be so silly as to fail to understand that we would be far better off if the US were still pursuing its comparative advantage in exporting furs and crops from stony New England soils, while India produced textiles and ships and, for all we can guess, might have led the way to industrial revolution? Perhaps joined by Egypt, which might not have had to rely on such radical violation of market principles as extermination of the natives and slavery to enable King Cotton to fuel the industrial revolution, as the British and Americans did. And who could be so ridiculous as to contemplate a NAFTA designed to reflect the interests and concerns that are actually articulated by critical voices in all three of the countries to be linked by treaty arrangements?

No reflections on these matters appear in the primer offered to the backward peons.

Thanks to extreme departure from market orthodoxy, things did not pursue the course that economic rationality might have entailed. Thus India, under British rule, deindustrialized, be-

¹³ Howard, “The Hidden Welfare State,” *Political Science Quarterly*, Fall 1993.

¹⁴ For a review of public opinion studies, and the ways in which the facts have been falsified or suppressed, see Vicente Navarro, in Navarro, ed., *Why the United States does not have a National Health Program* (Baywood, 1992).

¹⁵ Sylvia Nasar, *NYT*, Sept. 17, 1993.

coming an impoverished agricultural society, while Britain prospered. Egypt's attempt to enter the industrial world was beaten back by British power. The pattern has extended through much of the world, the US taking the lead in the campaign against independent development abroad, and against market discipline at home, as Britain faltered in the task. Today, India, like most of the South, is undergoing neoliberal "structural adjustment" reforms, while the US, as always, violates market principles as it pleases along with the rest of the industrial world, most of it more protectionist than in 1980, the Reaganites often leading the pack in the attack on economic rationality.

There are notable effects, and beneficiaries are not lacking. Take diamonds. Seven out of ten diamonds sold in the West are cut in India, with super-cheap labor, now being driven down to still greater depths of misery thanks to structural adjustment. But there is a bright side: "We pass some of the benefits to our overseas customers," an Indian diamond exporter observes. Workers and their families may starve to death in the New World Order of economic rationality, but diamond necklaces are cheaper in elegant New York shops, thanks to the miracle of the market.

There are also a few highly touted success stories, notably Ghana, "regularly cited by [International Monetary] Fund and [World] Bank economists as the prime example of how structural adjustment cures failing economies and places them on a path to sustainable growth," Ross Hammond and Lisa McGowan point out in a review of this "showcase." Thanks to its obedience to market discipline, Ghana was "showered with foreign aid," including more soft loans from the World Bank than any country except China and India (in absolute, not per capita value). Manufacturing has declined, as have domestic food and livestock, and food self-sufficiency generally. Malnutrition has increased, environmental degradation is proceeding apace, the external debt has tripled, and since 1987, Ghana has paid more to the IMF than it has received — a standard Third World phenomenon, as the capital hemorrhage from the poor to the rich countries has been joined by capital export to the IMF and World Bank, now "net recipients of resources from the developing countries," the South Centre (formerly the South Commission) reports in a 1993 study. But there are reasons for IMF and Bank enthusiasm about Ghana. Agroexport has grown, "rich Ghanaians have fared quite well under adjustment" as land ownership and income have concentrated, and Western creditors and investors are doing nicely. The leading success story deserves its reputation.¹⁶

The picture only darkens as we move closer to home, where our benevolence can be exercised more efficiently. Consider Nicaragua, destroyed by US terror and economic warfare, now "challenging Haiti for the unwanted distinction of being the most destitute country in the Western hemisphere," Hugh O'Shaughnessy reports from Managua. Infant mortality has reached the highest level in the continent after a dramatic decline before the effects of the US war set in by the mid-1980s. The UN reports that one-quarter of all children are malnourished. Diseases that had once been almost eliminated are rampant. Women set up street corner soup kitchens "to save tens of thousands of youngsters from starvation." Sandinista health, nutrition, literacy and agrarian programs "have been scrapped by a government pressed by the International Monetary Fund and Washington to privatise and cut public spending." The social fabric is coming apart under severe duress, with rapidly rising crime and violence, as usual directed mainly against the most vulnerable people: rape, for example, is escalating.

¹⁶ Multinational Monitor, Sept. 1993. South Centre, Facing the Challenge (Zed, 1993), 4.

“The country’s leaders seem to care little,” O’Shaughnessy reports, though there is little they can do in the face of the orders from on high. “Finance Minister Emilio Pereira boasts that Nicaragua has the lowest inflation in the western hemisphere — never mind that its four million people are starving.” The far right refuses any compromise, knowing “that it has the support of the US government.” “The Central American Foreign Ministers and secretary general of the Organisation of American States, who came on a mission of mediation, left in despair [on Sept. 9] after [right wing elements of the US-backed UNO] refused to join peace talks.”

In the countryside, the situation is even worse than in Managua. Contra forces are fighting again in the North, boasting of their Miami suppliers. Others too are mobilized, as desperation is driving peasants to armed combat. In the main cotton producing areas, not an acre was sowed this year because of lack of credits — though the most powerful producers, including the minister of agriculture and cattle-ranching and the president of the High Council of Private Enterprise, Ramiro Gurdian, received over \$40 million in loans last year, Barricada Internacional reports. Central America specialist Douglas Porpora writes that 70% of what limited credits there are go to “a small number of large export producers,” in accord with standard US policies of enriching the wealthy sectors involved in agroexport. Farmers had been driven out of these regions by Somoza, who had taken over the land for cotton export, part of the “economic miracle” hailed in the US, as the economy grew while the population starved. After years of intense pesticide use, much of the soil has lost its fertility. Banana exports and other agricultural production have also collapsed, and sugar mills, including those which had become profitable under government control, are being shut down, apparently in a campaign by the former owners, now restored, to destroy the unions and reverse the gains in workers’ rights of the past years.¹⁷

Despite its victory, the US is not satisfied. Nicaragua’s people must suffer much more to atone for the crimes they have committed against us. In October 1993, the IMF and World Bank, virtually US-run, presented new demands of unusual severity. Nicaragua must reduce its debt to zero; eliminate credits from BANIC, one of the remaining state banks; privatize enterprises and government services such as energy and water, to ensure that poor people really feel the pain — unable to give their children water to drink, for example, if they cannot pay, thanks to zooming unemployment. Nicaragua must cut public expenditures by \$60 million, virtually eliminating much of what remains of health and welfare services, while the mounting disaster offers new opportunities to condemn the “economic mismanagement” of the despised enemy.

The \$60 million figure was perhaps selected for its symbolic value. Last year the already privatized banks shipped \$60 million abroad, following sound economic principles: playing the New York stock market is a far more efficient use of resources than giving credits to poor bean farmers, as any competent student of economics can explain. The bean harvest was lost, a catastrophe for the population. Banks are now to be fully privatized, to ensure the “more efficient employment of the productive forces of the world,” with consequences for the population that are evident but that do not enter into calculations of economic rationality, as sophisticates understand.

It is only fair to add that the wonders of the free market have opened up alternatives, not only for rich landowners, speculators, and corporations, but even for the starving children who press their faces against car windows at street corners at night, pleading for a few cents to survive. Describing the miserable plight of Managua’s street children, David Werner, the author of *Where*

¹⁷ O’Shaughnessy, *Observer*, Sept. 12; Guillermo Fernandez A., *BI*, Sept.; Porpora, *Christian Science Monitor*, Oct. 20, 1993.

There is No Doctor and other books on health and society, writes that “marketing shoe cement to children has become a lucrative business,” and imports from multinational suppliers are rising nicely as “shopkeepers in depressed communities do a thriving business with weekly refills of the children’s little bottles” for glue-sniffing, said to “take away hunger.” The miracle of the market is again at work, maximizing efficient use of resources.¹⁸

On Nicaragua’s Atlantic Coast, 100,000 people are now starving to death, with aid only from Europe and Canada, Church sources report. Most are Miskito Indians. Nothing was more inspiring than the laments about the Miskitos after a few dozen were killed and many forcibly moved by the Sandinistas in the course of the US terrorist war, a “campaign of virtual genocide” (Reagan), the most “massive” human rights violation in Central America (Jeane Kirkpatrick), far outweighing the slaughter, torture, and mutilation of tens of thousands of people by the neo-Nazi gangsters they were directing and arming, and lauding as stellar democrats, at the very same time – or the “successful baby-hunting” that foreign reporters observed at exactly that moment. What has happened to the laments, now that 100,000 are starving to death?¹⁹

The answer is simplicity itself. Human rights have purely instrumental value in the political culture; they provide a useful tool for propaganda, nothing more. Ten years ago the Miskitos were “worthy victims,” in Edward Herman’s useful terminology, their suffering attributable to official enemies; now they have joined the vast category of “unworthy victims” whose far worse suffering can be added to our splendid account. What more need be said?

“The United States has a visceral need to annihilate the Sandinistas once and for all,” said a foreign affairs expert whom O’Shaughnessy quotes. That was evident years ago, when the refusal of the Sandinistas to genuflect in the expected fashion aroused sheer frenzy. In 1985, one congressman described “the lust that members [of Congress] feel to strike out against Communism” in Nicaragua. Opinion divided between those who called for brutal terror to punish the crime of disobedience, and those on the far left of the respectable spectrum who recommended that we should support terror only if it is “cost-effective” (Michael Kinsley), and if that test fails, we should seek other means to “isolate” the “reprehensible” government in Managua and “leave it to fester in its own juices” (Senate dove Alan Cranston). Nicaragua must be restored to the “regional standards” of our terror states, Tom Wicker and other media doves declared with passion. Nor will the US rest until the military is under Washington’s control, with consequences that are familiar throughout the continent, a crucial element of US policy towards Latin America for 50 years, emphasized with particular force by the Kennedy intellectuals.

Nicaragua’s efforts to pursue the peaceful means required by international law aroused particular fury. In 1984, senior US government officials demanded that an invitation to Daniel Ortega to visit Los Angeles be withdrawn “to punish Mr. Ortega and the Sandinistas for accepting the Contadora peace proposal,” the New York Times reported without comment, referring to peace efforts that the US government was able to undermine. The World Court condemnation of the US evoked further tantrums. Washington’s threats finally compelled Nicaragua to withdraw the claims for reparations awarded by the Court, after a US-Nicaragua agreement “aimed at enhancing economic, commercial and technical development to the maximum extent possible,” Nicaragua’s agent informed the Court. The withdrawal of just claims for billions of dollars of

¹⁸ “Children pay price in Nicaragua’s New Order,” *Third World Resurgence* (Malaya) No. 35, 1993.

¹⁹ CEPAD Report, July-August 1993 (Evangelical Churches of Nicaragua); Barricada, Oct. 9, 10, 1993; Envio (Jesuit University of Central America, Managua), Sept. 1993; Nicaragua News Service, Nicaragua Network Education Fund, Washington, Oct. 2-9, 1993.

reparations having been achieved by force, Washington abrogated the agreement, suspending its trickle of aid with demands of increasing depravity and gall.

The imperial arrogance is most impressive. Having been condemned by the World Court for the “unlawful use of force” against Nicaragua in a campaign of wholesale international terrorism that no other actor in the world scene could hope to approach, we now demand righteously that Nicaragua prove to *us* that it is not engaged in terrorism. Any further aid is conditioned on this proof, the Senate voted. And having helped to destroy the country and its people prior to the terrorist war, we now demand that the beneficiaries of those wonderful years receive properties and reparations. In September 1993, while the new foreign policy vision was taking its final form, the Senate voted 94–4 to ban any aid if Nicaragua fails to return or give adequate compensation (as determined by Washington) for properties of US citizens seized when Somoza fell — assets of US participants in the crushing of the beasts of burden by the tyrant who had long been a US favorite. Voting against were Paul Wellstone (D-MN), Jeff Bingaman (D-NM), Paul Simon (D-IL), Russell Feingold (D-WI). In October, Senator Christopher Dodd, a leading Senate dove, visited Managua to ensure that these orders are fully understood.

Nothing will satisfy the lust to punish the transgressors, even their reduction to Haitian standards. Any mafia don would understand. If someone on your turf fails to pay protection money, you don’t just give him a black eye. Others have to learn the lesson. The world must come to understand what virtually limitless power will achieve if offended in any way — the lesson that Bolivar sought to impart. Accordingly, the treatment is uniform, extending to Vietnamese, Cubans, Iraqi children, indeed anyone who doesn’t understand the rules of the world for which we are the gatekeeper and the model.²⁰

3. Demystification

A major qualification has to be added to everything said so far. I have been adopting the standard mystification that nations are actors in world affairs, nonsense of course. In any “really existing state,” power is sharply skewed; those who hold it use the state to defend their interests, whatever the impact on others at home or abroad, a truism emphasized by that noted revolutionary Marxist Adam Smith, among many others.

Demystifying, all looks different. Who lost War II? Certainly not German and Japanese industrialists who dedicated themselves to the fascist cause, and were quickly restored to power and wealth by the conquering armies. Who won? Certainly not the anti-fascist resistance, which was dispersed or decimated by the military victors. Who lost the Cold War? Surely not the reigning Communist *nomenklatura*, now the leaders of *nomenklatura* capitalism — “a parasitical new robber-baron class of speculators and mafiosi,” as Soviet scholar Robert Daniels calls them, with wealth beyond their wildest dreams. Surely not the tough Communist Party boss of Sverdlovsk, Boris Yeltsin, now elevated to the rank of leading democrat as he reverses Russia’s democratic gains from 1989, highly praised by Western governments and press — and by financial markets — because of his commitment to the “market shock” that is expected to “create a greatly improved climate for private investments.” Or his old subordinates from the CP apparatus, now staffing his bureaucracy. Who won the Cold War? Not the huge mass of the populations controlled by

²⁰ Senate vote, Tim Johnson, Knight-Ridder Service, BG, Sept. 24; Weekly News Update, Nicaragua Solidarity Network, Sept. 26, Oct. 10; Barricada, Oct. 9, 1993.

Western power sectors, neither in the former colonial domains nor at home; nor the common people of the East, now learning anew the lessons of their history as Third World subjects.²¹

A true history will depart radically from standard formulas.

In Adam Smith's day, the "principal architects" of policy, who saw to it that their interests were "most peculiarly attended to," were "merchants and manufacturers." The world has changed since, quite considerably in just the last 20 years, in part as a result of Richard Nixon's dismantling of the post-World War II (Bretton Woods) international economic system. One consequence of these major changes in world order has been a huge increase in unregulated capital. The World Bank currently estimates the total resources of international financial institutions at about \$14 trillion. Not only can European central banks not defend national currencies in the face of this unprecedented private power, but the European Monetary System has "effectively collapsed" as EC governments "have experienced the power of today's free-wheeling global capital markets," the Financial Times reports in a review of the world economy and finance. The huge and unregulated international capital market controls access to capital, but "global investors impose a price. If a country's economic policies are not attractive to them" they will use their power to induce changes. Such pressures may not be "fatal" to the very rich, but for the South, the international capital market is "no more than an unacceptable arm of economic imperialism," which governments cannot resist in an era when even in the rich countries, governments "are on the defensive and global investors have gained the upper hand."

A related development is the dramatic shift in use of capital resources. Cambridge University economist John Eatwell notes the striking fact that "In 1971, just before the collapse of the Bretton Woods fixed exchange rate system, about 90 percent of all foreign exchange transactions were for the finance of trade and long-term investment, and only about 10 percent were speculative.

Today those percentages are reversed, with well over 90 percent of all transactions being speculative. Daily speculative flows now regularly exceed the combined foreign exchange reserves of all the G-7 governments," the richest seven. One consequence is that "economic performance in the 1970s and 1980s has been poor throughout the industrial nations of the OECD," with growth in each G-7 country about half that of the 1960s, unemployment at least doubled, and productivity growth in manufacturing industry sharply down. Furthermore, "the sheer scale of speculative flows can easily overwhelm any government's foreign-exchange reserves," as just noted. National economic planning is increasingly difficult even for the rich, market instability is increasing, and governments are driven to deflationary policies to preserve market "credibility," driving economies "toward a low-growth, high-unemployment equilibrium," with declining real wages and increasing poverty and inequality.

A third related development has been the sharpening of the double-edged conception of the market: fetters for the weak, to be thrown aside at their pleasure by the strong. During the past 20 years, free market rhetoric has soared to glorious heights, while the rich countries have enhanced their protections against market discipline. GATT economist Patrick Low draws attention to "the sustained assault on [free trade] principle from which the GATT suffered, starting around the early 1970s," a "difficult period economically" until today, in which "the GATT did not fully succeed in holding the line against growing protectionism and systematic decline" — to put it mildly. Again, the Reaganites combined the two tendencies quite brilliantly, orating in free

²¹ Daniels, "The Riddle of Russian Reform," *Dissent*, Fall 1993. See also Jonathan Steele, Roy Medvedev, *Guardian Weekly*, Oct. 3, 17; Fred Weir, *In These Times*, Oct. 18, 1993 (including a review of Times falsifications).

market voices to the poor while assuring the rich, loud and clear, that the state will intervene massively to protect their interests. Secretary of the Treasury James Baker “proudly proclaimed that Mr Ronald Reagan had ‘granted more import relief to US industry than any of his predecessors in more than half a century’,” international economist Fred Bergsten points out, adding that the Reaganites specialized in the kind of “managed trade” that most “restricts trade and closes markets,” voluntary export restraint agreements — “the most insidious form of protectionism,” which “raises prices, reduces competition and reinforces cartel behaviour.” The increase in the Pentagon budget alone is a major form of state intervention in the economy for the benefit of the rich, and has been understood just that way for half a century — one reason why there will be a long wait for a “peace dividend.”

A fourth related development has been the rapid acceleration of the internationalization of the economy. Foreign sales of Transnational corporations (TNCs) now far exceed all of world trade — and of what is called “world trade,” well over a third is now estimated to be intrafirm transactions, centrally managed interchanges within corporations that happen to cross an international border — one of many reasons why talk about “free trade” and “markets” is of limited relevance to the real world.

An obvious corollary is the sharp decline in meaningful democracy discussed before in these pages (see, e.g., Edward Herman, “The End of Democracy?,” Z September), as extreme totalitarian institutions (corporations, banks, investment firms, etc.), with strict top-down control, internal secrecy, and only the most limited public accountability gain even further power on a global scale. Naturally they are constructing organs of governance to reflect their interests (GATT, the IMF and World Bank, the EC executive, G-7 closed sessions, etc.), all properly insulated from popular interference, even awareness, a new and higher stage in the long struggle to remove any threat to “top-down” forms of democracy that enhance “the traditional structures of power with which the United States has long been allied” — eliminating mystification, “the traditional structures of power” with which the “principal architects” of US government policy and the interests they serve have “long been allied.”

The consequences are not hard to see or understand: slowdown in economic growth, decline in economic or other planning in the interests of the general population, and extension of the Third World model to the rich countries themselves as the domestic population becomes superfluous for profit-making, the supreme human value in the world for which we are “the gatekeeper and the model.”

The US and Britain have been leading the way in these developments, and their accomplishments are welcomed by those who matter. While the new Clinton vision was receiving its final touches, a front-page story in the Wall Street Journal reported “a welcome development of transcendent importance,” no less: “the increasingly competitive cost of U.S. labor.” Thanks to the harsh attack on labor through a combination of state power and improved opportunities to shift production abroad, US labor costs per unit output fell 1.5% in 1992, while costs increased in Japan and Europe, as well as Taiwan and South Korea. In 1985, hourly pay in the US was higher than the other G-7 countries. By 1992, it had fallen to below its wealthy competitors, apart from England, where Thatcher had done even better in punishing working people. Hourly wages were 60% higher in Germany than in the US, 20% higher in Italy. The US has not yet reached South Korea and Taiwan, but progress is being made, in the richest country in the world, with unparalleled advantages — and a highly class conscious business community, fighting a bitter class

war against an enemy lacking resources, organization, and meaningful modes of interaction or participation.²²

The lessons are spelled out by Business Week. Europe must “hammer away at high wages and corporate taxes, short working hours, labor immobility, and luxurious social programs.” It must learn the lesson of Britain, which finally “is doing something well,” the Economist announces approvingly, with “trade unions shackled by law and subdued,” “unemployment high,” and the Maastricht social chapter rejected so that employers are protected “from over-regulation and under-flexibility of labour” (job security). American workers are barely a step behind.

The end of the Cold War offers new weapons for use against working people in the rich societies. There are “green shoots in Communism’s ruins,” exults the world’s leading business daily, the London Financial Times; not everything is grim in the former Communist world. The “green shoots” are the new opportunities for corporations to reduce costs thanks to “rising unemployment and pauperisation of large sections of the industrial working class” as capitalist reforms are instituted. GM opened a \$690 million assembly plant in East Germany, where workers are willing to “work longer hours than their pampered colleagues in western Germany” at 40% of the wage and with few benefits, the journal relates happily. Poland is still better, with workers available at 10% the wage of the pampered Western workers, kept that way “thanks largely to the Polish government’s tougher policy on labour disputes,” that is, repression of labor.

Of course, the term “markets” has its usual meaning. GM purchased an auto plant near Warsaw, economist Alice Amsden comments, “on the under-the-table condition that the Polish government provide it with 30 percent tariff protection” — the usual form that “free market” enthusiasms take. Tax holidays for investors are also offered, among other gifts.

The same is true when our own growing Third World seeks to entice foreign investors. Alabama recently beat out competitors for a new Daimler-Benz plant for which its population “will pay dearly,” the Wall Street Journal noted a few days after the Clinton economic strategy was announced. Germany’s leading conglomerate paid a royal \$100 for the plant site, and has been offered a package of tax breaks valued at over \$300 million, along with other publicly-funded services. Alabama “has a Third World economy,” the head of an economic development group observes: “They’re losing money to invest in their people, their roads, their state in general,” as the market performs its miracles. The traditional Third World can explain to us how it works.²³

The prospects are inspiring. Canadian social benefits and workers’ rights can be attacked through “free trade,” which forces harmonization downwards to US standards. The same device can be used to “lock the United States into a low-wage, low-productivity future,” the congressional Office of Technology Assessment concludes in its review of the executive version of NAFTA, scrupulously designed to protect rights of investors, not workers or future generations (the environment). And an increase in standard of living for Mexican workers is not a serious threat, given harsh dictatorial rule and the flooding of the labor market as peasants are driven from the land by US agribusiness exports. German workers had become “used to some of the best working conditions on earth,” Business Week comments under the heading “Time to Leave the Cocoon?” But no more, as some “60% of German industrial jobs are threatened by competition from Eastern Europe, Asia, and the U.S.,” the last now offering its contribution to the ranks of the Third World thanks to “the welcome development of transcendent importance.” With these

²² Alfred Malabre, WSJ, Sept. 13, 1993.

²³ WSJ, Sept. 30, 1993.

“green shoots” rising in old and new Third Worlds, Germany’s biggest employers’ federation, Gesamtmetall, was able to issue a “declaration of war,” cancelling “union wage and vacation contracts — for the first time ever.” Meanwhile profits should do just fine, as the world moves towards the desired two-tiered model under its new visions.²⁴

In brief, the developments of the past years offer new ways to put the screws on the overwhelming majority of the population both abroad *and* at home, options enhanced by the end of the Cold War — which is why the Cold War victors are celebrating so triumphantly: investors, executives, and wealthy professionals at home; the former Communist Party rulers now joining in the global rip-off; their counterparts in the traditional South; and, of course, respectable sectors of the educated communities, who are called upon to trumpet the “victory for a set of political and economic principles: democracy and the free market.” The Clinton vision merely announces another small step towards the same ends.

How far can this go? Will it really be possible to construct an international society on something like the Third World model, with islands of great privilege in a sea of misery — fairly large islands, in the richer countries — and with controls of a totalitarian nature within democratic forms that increasingly become a facade? Or will popular resistance, which must itself become internationalized to succeed, be able to dismantle these evolving structures of violence and domination, and carry forth the centuries-old process of expansion of freedom, justice, and democracy that is now being aborted, even reversed? These are the large questions for the future.

4. Clinton’s Bottom Line

November 17 was a grand day in the career of Bill Clinton, the day when he proved that he is a man of firm principle, and that his “vision” — the term has become a journalistic reflex — has real substance. “President Emerges As a Tough Fighter,” the New York Times announced on the front page the next day. Washington correspondent R.W. Apple wrote that Clinton had now silenced his detractors, who had scorned him for his apparent willingness to back down on everything he claimed to stand for:

“Mr. Clinton retreated early on Bosnia, on Haiti, on homosexuals in the military, on important elements of his economic plan [namely, the minuscule stimulative package]; he seemed ready to compromise on all but the most basic elements of his health-care reforms. Critics asked whether he had a bottom line on anything.

On NAFTA, he did, and that question won’t be asked much for a while.”²⁵

In short, on unimportant matters, involving nothing more than millions of lives, Clinton is a “pragmatist,” ready to retreat. But when it comes to responding to the calls of the big money, our hero showed that he has backbone after all.

The importance that the corporate world saw in the NAFTA issue was revealed with some clarity in the final stages. Usually, both the President and the media try to keep their class

²⁴ BW, Oct. 18, 1993.

²⁵ Apple, NYT, Nov. 18, 1993.

loyalties somewhat in the background. This time, all bars were down. Particularly striking was the bitter attack on labor for daring to interfere in the political process, understood to be the domain of business power in a well-ordered democracy.

The logic is familiar. When ordinary people enter the political arena, we have a “crisis of democracy”; things are OK, however, when the President is able to “govern the country with the cooperation of a relatively small number of Wall Street lawyers and bankers,” as the Eaton Professor of the Science of Government at Harvard (Samuel Huntington) has explained, articulating the vision of democracy propounded by elite opinion for hundreds of years.

Accordingly, corporate lobbying was considered unworthy of mention — a reasonable decision; one also doesn’t report the air we breathe.

President Clinton denounced the “naked pressure” and “real roughshod, muscle-bound tactics” of organized labor, “the raw muscle, the sort of naked pressure that the labor forces have put on.” They even resorted to “pleading...based on friendship” and “threatening...based on money and work in the campaign” when they approached their elected representatives. Never would a corporate lobbyist sink that low; those who believe otherwise merely reveal themselves to be “Marxists” or “conspiracy theorists,” terms that are the cultivated equivalent of four-letter words or a punch in the nose, a last resort when you can’t think of an argument. Front-page stories featured the President’s call to Congress “to resist the hardball politics” of the “powerful labor interests.” Business was reeling from the onslaught, unable to face the terror of the mob. At the outer limits of dissent, Anthony Lewis berated the “backward, unenlightened” labor movement for the “crude threatening tactics” it employed to influence Congress, motivated by “fear of change and fear of foreigners.”

In a lead editorial the day before the vote, the Times courageously confronted the “raw muscle,” denouncing local Democrats who oppose NAFTA in fear of “the wrath of organized labor” with its powerful political action committees that “contribute handsomely to their election campaigns.” A box within the editorial headed “Labor’s Money” records labor contributions to NAFTA opponents in the New York City area — “an unsettling pattern,” the editors observe ominously.²⁶

As some aggrieved representatives and others noted, the Times did not run a box listing corporate contributions. Nor did it list Times advertisers and owners who support NAFTA, raising ominous questions about their editorial support for the bill, perhaps an instance of an “unsettling pattern.” Such reactions are not to the point, however, for several reasons. First, information about corporate lobbyists, owners and advertisers would be irrelevant, since conformity of government and editorial policy to their views is the natural order. And if the hysteria about the improprieties of working people was a bit crass, it is after all understandable in a moment of panic, when the mob is practically at the gates. Furthermore, after endless wailing about the terrifying power of labor and the unfair uses to which it was put, the Times did run a front-page story revealing the truth: Michael Wines, “Off Stage, Trade Pact Lobby Had a Star’s Dressing Room.”

The corporate lobbyists, Wines reported, were “Chamber of Commerce types, accountants, trade consultants,” who “occupied a stately conference room on the first floor of the Capitol, barely an elevator ride away from the action in the House chamber,” with TV sets, cellular telephones, and other appurtenances in abundance, and celebrities everywhere. The picture was enough to convince a former Carter official, now a lobbyist, that “It’s going to be a blowout.”

²⁶ Gwen Ifill, NYT; John Aloysius Farrell, BG, Nov 8. Lewis, Nov. 5. Editorial, NYT, Nov. 16, 1993.

A look at labor's "raw muscle" only reinforced the conclusion: "The boiler room for the forces opposed to the pact, by contrast, was more of, well, a boiler room," a "barren hearing room" far from the House debate, with only one telephone, "basic black." "The dress was union-label, inexpensive suits and nylon jackets inscribed with numbers and insignias of various locals." Wines even spoke the usually forbidden words "class lines," referring to the "nastier and more divisive battle" over NAFTA, unlike the "previous two battles," which left no scars: the battle over the \$19 billion stimulus (quickly lost) and the tax and spending cuts.²⁷

True, the story that finally set things right was published the day after the vote. But the newsroom is a busy place, media savants explain, and sometimes things fall through the cracks — in an oddly systematic way.

Before the vote, it wasn't only labor, with its awesome power, that was pummeling Congress while the business world looked on in helpless dismay. The morning of the vote, a front-page story in the Wall Street Journal denounced "the muscle-flexing by the broad antitrade coalition," which extends beyond labor bureaucrats to "upscale environmentalists, suburban Perot supporters and thousands of local activists nationwide." These extremists believe that NAFTA is designed "for the benefit of multinational corporations. Their rhetoric is pure down-with-the-rich populism," laced with "conspiratorial, antielitist arguments." A pretty scary crowd.²⁸

The news columns of the Journal usually try to keep a dispassionate tone, leaving Maoist-style ranting to the editorial and opinion pages. But in this case, the pain was too much to bear.

5. Winners and Losers

The Wines story on lobbyists was one of several interesting post-vote contributions. In another Times story, also curiously delayed, Thomas Lueck reviewed the expected economic impact of NAFTA, which had elicited such enthusiasm in the weeks before, rising to virtual hysteria as the day of decision dawned. Leading gainers would be those sectors "based in and around finance," Lueck reported: "the region's banking, telecommunications and service firms" — that is, insurance companies, investment houses, corporate law firms, the PR industry, and the like. "A vast assortment of professional service firms, from management consultants and public relations to law and marketing, are poised to seek new businesses in Mexico," while "Banks and Wall Street securities firms, which would probably draw more benefit from the pact than any other businesses, say that they are itching to buy Mexican businesses or invest in them." There will be some gainers among manufacturers too, primarily in high technology industry and pharmaceuticals, which will benefit from one of the many protectionist features that made NAFTA so attractive to corporate leaders: the increased protection for patents and "intellectual property" generally, provisions designed to ensure that major corporations, some of which dwarf many governments in scale, will control the technology and products of the future. Other potential gainers include "the region's two largest manufacturing industries," the capital-intensive chemical industry and publishing — more ominous signals about the Times editorial policy, by the logic of the editors.

Alongside this impressive array of beneficiaries, there will also unfortunately be a few losers, "predominantly women, blacks and Hispanics," and "semi-skilled production workers" generally.

²⁷ Wines, NYT, Nov. 18.

²⁸ Bob Davis and Jackie Calmes, WSJ, Nov. 17, 1993.

But that was inevitable anyway, and not important enough to merit more than a few side comments in this upbeat analysis of the “Free Trade Accord” — the part that is “free” being “the amount of money passed around Washington to pass it, said Representative James Traficant,” cited at the tail end of the column that belatedly discovered the truth about corporate and labor power. “Change can indeed be painful,” as Anthony Lewis admonished the labor movement — for some, at least.²⁹

Noted economists supporting NAFTA made similar points about winners and losers, observing that the only negative consequences of NAFTA would be “a slight fall in the real wages of unskilled U.S. workers” (Paul Krugman) and ridiculing talk about job loss because “only union leaders and Ross Perot would be surprised to hear that the productivity ratio between U.S. and Mexican workers...is higher than the ratio of hourly compensation” (Gary Hufbauer). These scornful rebuttals forgot to add, however, that 70% of the work force is categorized as “unskilled,” and that at comparable productivity levels Mexican wages are a fraction of US wages, kept that way by harsh repression, destruction of unions, and a huge army of unemployed.³⁰

Reports from Mexico also compared winners and losers. “Economists predict that several million Mexicans will probably lose their jobs in the first five years after the accord takes effect,” Tim Golden reported from Mexico in the *Times* after the House vote; the effect on wages is predictable. “Business leaders like deal; others see rich getting richer,” a *Boston Globe* headline read the day after the vote, reporting that “Mexico’s business classes reacted with glee” while “environmental, human rights and labor activists in Mexico continue to criticize the accord.” Previously, such voices had been largely unheard, while journalists and economists informed us confidently of the opinions and goals of “the Mexicans” — who regularly turn out on inspection to be corporate executives, bankers, political leaders, American investors, and the like. Some of them go on to condemn the jingoist “national perspective” of critics of NAFTA who depart from convention by explicitly focussing attention on concerns of Mexican workers and farmers — not “the Mexicans” — and thus “implicitly assume that Mexican issues and interests are secondary” (James Galbraith, “What Mexico — and the United States — Wants,” *World Policy Journal*); it takes some skill to thread one’s way through the ideological contortions. Readers of the *Newsletter of the Society for Historians of American Foreign Relations* could learn that there were huge demonstrations against NAFTA in Mexico, “well articulated, if too-little-noticed in the United States, cries of frustration against government policies — involving repeal of constitutional labor, agrarian and education rights stipulated in the nation’s popularly revered 1917 constitution — that appear to many Mexicans as the real meaning of NAFTA and U.S. foreign policy here,” realistically enough (historian Seth Fein, writing from Mexico City). Readers of the major media and journals heard little of this.

Mexican concerns about job loss had sometimes been reported before the vote, framed as “worries [that] would seem to rebut critics in the United States who have described Mexico as the clear beneficiary of the accord” (Golden); so we should proceed on course. Occasional more serious commentary reported the great anxiety of Mexican workers not only about job loss but

²⁹ Thomas Lueck, *NYT*, Nov. 18; Wines, Lewis, *op. cit.*

³⁰ Krugman, *Foreign Affairs*, Nov./Dec. 1993; Hufbauer, *NYT*, Nov. 15. Samuel Bowles and Mehrene Larudee, *ibid.*, on productivity; labor economist Harley Shaiken, cited by Steven Pearlstein, *WP weekly*, Nov. 8, 1993; Shaiken has done extensive studies on this issue. On the category of “unskilled workers,” see Ian Robinson, *North American Trade as If Democracy Mattered* (Canadian Centre for Policy Alternatives, Ottawa and International Labor Rights Education and Research Fund, Washington, 1993), n. 224.

about the erosion of their “hard-won labor rights,” likely to “be sacrificed as companies, trying to compete with foreign companies, look for ways to cut costs” (Juanita Darling, Los Angeles Times) — a prime reason why the corporate version of NAFTA and other trade agreements, carefully crafted to protect investor but not labor rights, are so appealing to business leaders.³¹

A study carried out by Mexico’s leading business journal, *El Financiero*, which strongly supported NAFTA, predicted that Mexico would lose almost a quarter of its manufacturing industry and 14% of its jobs in the first two years. Other analysts have predicted that millions of peasants will be driven from the land by cheap US agribusiness exports, enhancing the impact of repression and neoliberal policies that have helped to drive down wages and reduce labor’s share in the economy from 36% in the mid-1970s to 23% by 1992, a crucial component of the “economic miracle” that NAFTA advocates hope to “lock in place.” Stagnation or perhaps reduction of Mexican wages will then facilitate new pressures to reduce wages of US and Canadian workers, contributing still further to the “welcome development of transcendent importance” that the Wall Street Journal hailed in mid-September: the reduction of US hourly pay below any major industrial country apart from England. Profits will accordingly increase, at least, as long as the social policy designed to enhance the welfare of investors can be sustained.³²

The economists who preach about the merits of “free trade,” knowing the term to be largely fraud, also know the likely consequences of the corporate-executive version of NAFTA. “Many economists think NAFTA could drag down pay,” Steven Pearlstein reported in the Washington Post, expecting that “lower Mexican wages could have a gravitational effect on the wages of Americans.” A study by one leading specialist, Edward Leamer of UCLA, concludes that the kind of globalization that is enhanced by this NAFTA “would add about \$3000 a year to the earnings of professional and technical workers by the end of the decade while reducing the income of everyone else by \$750 — a loss of about \$200 a year for the average American,” sufficient reason to explain the overwhelming enthusiasm for the Bush-Clinton NAFTA on the part of corporate power and their spokespersons.³³ The reasons for the gravitational effect do not lie in “free trade principles,” which have only limited relevance to an international economy of a corporate mercantilist character with vast state intervention, but are an inherent part of the social policies that are implemented by the powerful, and built into their version of “trade agreements.”

Commentary on the impact of NAFTA on “Mexico,” “the United States,” and “Canada,” or what these entities “want,” is at best meaningless, at worst vulgar propaganda. The “class lines” that the Times detected after the fray tell a truer story. The version of NAFTA rammed through by state-corporate power is designed to carry forward the internationalization of the economy in a particular form, which includes the extension to the industrial societies of the Third World pattern of sharply two-tiered societies.

³¹ Golden, NYT, Nov. 19, 5; Diego Ribadeneira, BG, Nov. 18; Darling, LAT-Chicago Sun-Times, Oct. 17, 1993. Fein, Newsletter, SHAFR, March 1993. Galbraith, WPJ, Fall 1993. Galbraith condemns the “nationalist perspective” of the US labor movement, basing himself on an irrelevant phrase from its critique of NAFTA, which devoted much attention to the problems of Mexicans (though not his “Mexicans”); he took the phrase from a quote in an article of mine that takes the same point of view with no departure from a strictly internationalist position, so that I am selected as spokesperson for the “nationalist perspective,” in standard scholarly style.

³² *El Financiero*, Robinson, op. cit., n. 183. David Barkin, “Salinastroika and Other Novel Ideas,” Aug. 10, 1992; SourceMex, U. of New Mexico, Latin America Data Base, to appear in new edition of Barkin, *Distorted Development*, Westview, forthcoming.

³³ Pearlstein, op. cit.

The primary stakes are not the impact on jobs, about which little is understood with any confidence, the economic models being so remote from reality. Or even wages, though the conclusions here are more persuasive. A more far-reaching issue, as critics of the executive version of NAFTA have stressed from the outset, is the erosion of freedom and democracy, both process and culture, as parliamentary institutions are increasingly displaced by decision-makers and investors who operate within their own totalitarian institutions or in the quasi-governmental structures that have taken shape to serve the needs of transnational corporations and finance. The “transcendent importance” of removing the annoyances of democracy is revealed in a vulgar way by the hysteria about labor’s “raw muscle,” but in fact lies far deeper.³⁴

The conclusion holds for Mexico as well. Advocates here speak of the compelling need to “lock Mexico into its pro-market reforms” as the primary motivation for NAFTA (editorial, *New York Times*). They are expressing once again the abiding fear that a “‘democracy opening’ in Mexico could test the special relationship by bringing into office a government more interested in challenging the U.S. on economic and nationalist grounds,” the dark cloud on the far horizon that a Latin America Strategy Workshop in Washington saw in September 1990. Perhaps a “democracy opening” cannot be forestalled forever, but at least an agreement with near-treaty status may block the grim effects of policies directed to some interests beyond those of investors. Mexican political scientist Jorge Castañeda may exaggerate when he writes that “the whole purpose of NAFTA” was to strengthen the “authoritarian regime” of the always-ruling party, the PRI, but there is little doubt that a major purpose was to “lock in” the benefits that repression and violence offer for profit-making.³⁵

6. “Wooring, and Pleasing, Big Business”

It was not only the pose of media objectivity and independence of class interests that was cast aside as the day of the crucial House vote neared. The pretense that the executive NAFTA was a “free trade” pact also became too inconvenient to maintain. “In Twist, Protectionism Is Used to Sell Trade Pact,” the *Times* proclaimed with wonder, discovering what both critics and advocates of the “Trade Pact” had been shouting from the rooftops for a year. The protectionist features of NAFTA had been “negotiated by the Bush Administration out of political necessity to drum up corporate support,” economic correspondent Keith Bradsher reported, but “went largely unnoticed until recently, when they began to attract criticism from abroad, notably from Japan.”

The example illustrates the power of ideological institutions to shield themselves, and their audiences, from unwanted ideas and discussion. The task of the day has been to laud the US for its dedication to the free market — “the wave of the future — a future for which America is both the gatekeeper and the model,” as ideologues exuberantly proclaim. The executive version of NAFTA was therefore a “free trade” agreement by ideological necessity, independently of the fact that it went far beyond trade and was anything but free, not as a matter of negotiation out of political necessity but in its essential design, and was attractive to domestic business power in large part for these reasons. One cannot expect the *Free Press* to attend to critical commentary from the Third World, or to anything beyond the very narrow spectrum of respectability at home.

³⁴ For useful recent discussion, see Robinson, *op. cit.*

³⁵ Editorial, *NYT*, Oct. 30, 1993; Latin America Strategy Development Workshop, Sept. 26 & 27, 1990, minutes, 3. Castañeda, *WP* Nov. 19, 1993.

But it takes some discipline not to hear corporate executives lauding NAFTA for its protectionist features, or the voices of eminently respectable specialists, ranging from supporters of trade regulation like Clyde Prestowicz, who came to support NAFTA in part because its provisions favoring North American (effectively, US) firms “will let us better compete with Asians,” to leading advocates of free trade such as economist Jagdish Bhagwati, who wrote in *Foreign Affairs* that NAFTA is “dressed up as a great free trade move” though “it is evident that the main motivation is protectionist: Mexico becomes America’s preferential market, with Japan and the EC at a disadvantage.” Hence the “passionate support” in business circles for NAFTA as compared to GATT, where “any advantages America [i.e., US business] gains...are equally doled out to rivals.” All this is aside from such protectionist features as the intellectual property rights provisions on which US state-corporate power insists.³⁶

The Clinton Administration “has resorted to the odd tactic of selling a free-trade pact by highlighting its protectionist provisions,” Bradsher reports. Translating to English, Clinton resorted to the quite understandable tactic of highlighting the protectionist provisions that are at the heart of the agreement and that account for the “passionate support” of business, while the pose that this is “a free-trade pact” cannot be sustained under duress, even by the doctrinal institutions.³⁷

Clinton’s advisers understood that well. In his “11th-Hour Bid for NAFTA,” the *Wall Street Journal* reported, Clinton stressed that if the US did not succeed in locking Mexico into its protectionist sphere, the Japanese would do so; hardly a likely contingency, though the rhetoric is enlightening. Clinton’s key point, the *Journal* observed, is “that Japan and Europe will capture the Mexican market if the U.S. doesn’t”; we’d better establish protectionist barriers quickly, or someone will beat us to it.

The President also addressed a plea to US corporations to make a public pledge not to move jobs to Mexico, assurances that “would be particularly timely as the highly charged NAFTA debate winds down,” the *Journal* observed. Of course, if NAFTA advocates believed what they publicly proclaim, such a call would be absurd: after all, the agreement is supposed to provide a flow of “jobs, jobs, jobs.” But anything goes, in the desperate effort to ram through an agreement on investor rights that locks the door, one hopes, on a potential democratic threat.³⁸

The business community is naturally pleased by Clinton’s firmness in defending the “bottom line,” and understands well just how far that line reaches. A lead *Wall Street Journal* article on November 19 was headed: “Unlikely Allies: President Is Wooing, And Mostly Pleasing, Big-Business Leaders.” The article does not explain why it is so “unlikely” that a conservative and outspokenly pro-business “New Democrat” should have kept to his consistent course; his “affinity for the business establishment continues a pattern begun when he was governor of Arkansas,” the *Journal* observes, recalling his “close working relationship with the group of top corporate executives nicknamed the Good Suit Club” — all in pursuit of “jobs,” the report hastens to assure us, using the conventional paraphrase for the forbidden “P-word.” Unlikeness aside, the *Journal* report accurately describes the President’s continuing “affinity.” He is “aggressively wooing big business, inviting small groups of top corporate executives...to lunch. On issue after issue, Mr. Clinton and his administration come down on the same side as corporate America,” NAFTA being “only the most conspicuous example.” Others include the big government initiatives that

³⁶ Bob Davis, *WSJ*, Sept. 17, 1993; *Foreign Affairs*, Spring 1993.

³⁷ Bradsher, *NYT*, Nov. 7, 1993.

³⁸ Michael Frisby, *WSJ*, Nov. 2; Asra Nomani, *WSJ*, Nov. 1, 1993.

corporate America admires, among them the proposal that “the government pick up the health-insurance tab for big companies’ early retirees” and the plan “to alter U.S. foreign aid to force recipients to buy more U.S. goods” while suppressing human rights concerns. Clinton has also wisely “avoided the extremes of environmental regulation and is moving toward compromise on such contentious matters as reform of the Superfund dump-cleaning program.” “We’re getting along much better with this administration than we did with previous ones,” confides Harold ‘Red’ Poling, the recently retired chairman of Ford Motor Company.” Others agree. The Chairman of Bethlehem Steel ranks Clinton as “good for American business” on issue after issue: trade, health, the economic plan, etc.

Clinton’s pro-business attitudes are fine-tuned, the Journal continues: “Democratic presidents do tend to appeal more to big corporations than to the legions of small-business owners,” and Clinton is no exception. His health care plan “is far kinder to big companies than to small ones,” also favoring “major insurers” over smaller ones; “and big companies are the big winners” on other health-related issues. Business is also generally pleased with Clinton on fiscal and environmental policies. In the latter domain, the report continues, the only lapse of the Clinton-Gore team that troubles executives is an order to the government to use more recycled paper. On trade, beyond NAFTA, business is pleased with Clinton initiatives to strongarm competitors and “his plan to link about \$150 million in foreign aid to purchases of US goods,” another proper form of state intervention to protect business from market forces. The “activist Clinton presidency has revived the Business Roundtable, which consists of 200 big-company CEOs.” Formerly a major business advocacy group, the Roundtable “was nearly irrelevant” under the Republicans (self-lobbying being unnecessary) but has now again become a “major player” thanks to Clinton’s activist presidency, forming the core of the NAFTA lobby among other tasks. The big government New Democrat is a man of principle across the board, the business community is pleased to see.³⁹

As these developments again illustrate, it is a calumny to claim that politics in the world’s leading democracy is limited to two factions of the business party. On the contrary, there is a spectrum ranging from the party of big business all the way to the party that “aggressively woos and pleases” it, marginalizing other concerns. It is that model that we must proudly defend, and make sure that others understand and adopt for themselves.

7. The Summit Triumph

Particularly gratifying to Clinton’s Business Roundtable friends is the decision to maintain China’s “favorable trade status.” The issue reached the front pages right after the NAFTA victory, as Clinton took off to lead the Asia-Pacific Economic Cooperation group (APEC) summit in Seattle. The events posed a number of problems for government-media doctrinal management. One was to portray the events with sufficient grandeur while conceding that nothing had happened. A second was the usual problem of presenting massive state intervention in economic affairs in the interests of corporate power as dedication to the free market. A narrower problem was to reconcile our deep commitment to democracy and human rights with the open courting of China, overlooking its record and its role in missile and nuclear proliferation, a problem

³⁹ Jeffrey Birnbaum and David Wessel, WSJ, Nov. 19.

rendered even more difficult by Clinton's decision to provide China with means to pursue these policies more effectively. Let's have a look at how these onerous tasks were handled.

The first two were not too demanding. There was much hullabaloo about Clinton's "grand vision for Asia," while only on the back pages was it conceded quietly that the Summit achieved nothing. "The unusual combination of energy and ambiguity" — meaning PR and reality — "that surrounded this meeting was captured in a 'vision statement' issued by the leaders at the close of their session," Thomas Friedman reported toward the end of an upbeat lead story: "It was long on vision and short on specifics." One achievement, however, was that the Asian leaders picked up the favored rhetorical styles, learning how to scatter the word "vision" profusely through their pronouncements and interviews.

It was the "grand vision," not the missing specifics, that was in the forefront. "Clinton Preaches Open Markets at Summit," the headline of the lead Times news story read. "We have agreed that our economic policies should be open, not closed," the President declared. Clinton is undertaking "what may be the biggest rethinking of American policy toward Asia" in the past half century, David Sanger wrote in the lead story of the Times Week in Review, stressing "the breadth of Clinton's vision of a Pacific Community" dedicated to free trade and open markets as he spoke "inside a giant airplane hangar at the Boeing company." Boeing is the country's largest exporter, Sanger noted.

More generally, civilian aircraft constitute the leading US export, running a net trade surplus of \$17.8 billion in 1991. Furthermore, US comparative advantage in the international economy increasingly lies in services, not manufacture, and "by far the largest export of U.S. services is travel and tourism, which accounts for a third of the service surplus," the Wall Street Journal reports; travel and tourism means aircraft. Accordingly, it is natural for Clinton to tout the marvels of the free market at the Boeing Company, telling "a cheering throng" that Boeing "is a model for companies across America" and the prime example of the "new vision of American relations with Asia," where "China alone now buys one of every six of [Boeing's] planes"; the other prime example is the Cray supercomputer corporation, given a boost by Clinton's decision to sell its advanced computers to China in violation of congressional legislation, announced at the same time.⁴⁰

Or is it natural? Hidden in the crevices is the embarrassing fact that Boeing, Cray supercomputers, and the aircraft and computer industry generally are the prime modern examples of the dramatic departures from the free market that created and sustained a viable economy in the United States (as elsewhere). These industries were founded and survive thanks to enormous taxpayer subsidies. They have always been funded through the Pentagon funnel, a system devised in the late 1940s with exactly that purpose in mind as even the public record demonstrates, one of several major government programs to impose a particular kind of state capitalist social and economic order. Another was the program of "suburbanizing America" which, under the cover of defense, established the modern motor and air transport industries as core elements of the economy, with a cost to the public that goes far beyond the tens of billions of taxpayer dollars used in this massive government social engineering project.

In the case of aircraft, hence the tourism industry as well, the facts are too obvious to require discussion. As for computers, their development was fully funded by the public in the 1950s,

⁴⁰ R.W. Apple, Friedman, NYT, Nov. 21; Sanger, NYT week in review, Nov. 21; Lucinda Harper, WSJ, Nov. 22, 1993. Laura Tyson, *Who's Bashing Whom?* (Institute for International Economics, 1992), 155, on aircraft export.

before they became marketable and therefore handed over to “private enterprise”; in electronics generally, government funding covered 85% of all R&D in 1958. The public subsidy continued, mounting again under Reagan-Bush in the guise of Star Wars and through the initiatives of DARPA (the Pentagon research funding agency) which “became a pivotal market force” in high-performance computing from the early 1980s, *Science* magazine reports, “boosting massively parallel computing from the laboratory into a nascent industry,” now to be extended through a multi-agency government supercomputing agency that will aim for speeds of a trillion operations per second, focusing more on “the crowded field of young supercomputer companies it had played a role in creating” than on university teams.⁴¹

A few problems might arise, then, in offering aircraft and supercomputers as the “model” for the “grand free market vision.” They might arise, that is, if the self-image that the ideological institutions portray with such awe had any resemblance to reality. In any event, the problems did not arise.

Sanger also observes that Boeing is involved in co-production with Mitsubishi in Nagoya, Japan, one element of “multi-million dollar, job-creating investments outside the United States on a scale that would terrify NAFTA’s opponents.” This, he notes, is another aspect of the Clinton “vision that implies tradeoffs and job displacements far more wrenching than any posed by” NAFTA. Adding the forbidden fact that Boeing is a publicly-funded private corporation, we conclude that US workers are providing funds to Boeing executives for them to use in “job-creating investments” abroad on a massive scale. Boeing executives, not workers in the plants or communities, have the unrestricted right to make such decisions about disbursement of public funds under the “free market” assumptions that permit totalitarian control within huge publicly-funded corporate institutions that increasingly dominate cross-border commercial interchanges — hardly “trade,” in any serious sense. The model for the free market future is the kind of absolute unaccountable power and taxation without representation that outraged 18th century libertarians.

Economists will surely be at hand to explain with proper scorn that in the long run the job-displacements arranged by Boeing executives will benefit all, at least in the universe of their abstract models. The real world and major human concerns are another matter. The question “who decides,” and by what right, is not a topic in an intellectual culture that excludes any concern over functioning democracy and its contemporary erosion.

The same is true of more technical matters, for example, the market distortions from internal pricing policies of transnational corporations, which may be quite substantial in scale, political economist Ian Robinson observes, but, unlike governmental tariff and non-tariff barriers, do not fall within the purview of the “trade agreements.” Yet another footnote to the odes to the new world order of free trade and open markets is added by a 1992 OECD study, which concludes that “Oligopolistic competition and strategic interaction among firms and governments rather than the invisible hand of market forces condition today’s competitive advantage and international division of labor in high-technology industries.”⁴²

⁴¹ See, among others, my *Turning the Tide* (South End, 1985), chap. 4. For a valuable recent study of the origins of the system, see Frank Kofsky, *Harry Truman and the War Scare of 1948* (St. Martin’s Press, 1993). On the social engineering project, see Richard Du Boff, *Accumulation and Power* (M.E. Sharpe, 1989), reviewed in my *Year 501* (South End, 1993). *Science*, April 2, 1993. Tyson, op. cit.

⁴² Robinson, op. cit., 63. Dieter Ernst and David O’Connor, *Competing in the Electronics Industry* (Pinter, 1992), cited in Tyson, op. cit.

The question of supercomputers brings us to the third problem for doctrinal managers: China. That proved a harder nut to crack, and the conflicting versions are almost as bewildering as White House leaks of its health plan.

It was hard to overlook the fact that “Mr. Clinton is touchingly ardent in his efforts to get along” with China, R.W. Apple reported from the Seattle APEC summit, seeing “trade with China as the magic elixir that can cure many of the ills of the American economy.” Secretary of State Warren Christopher, “defending the decision to sell a supercomputer to the Chinese for the first time since the Tiananmen Square killings in 1989, said...that the United States had to close a \$19 billion trade deficit with China,...human rights symbolism notwithstanding...,” Sanger reports. The supercomputer sale reflects the fact that the Administration is “eager to give a lift to the financially troubled” Cray corporation, Elaine Sciolino added from Washington, noting that “Even more significant for American business, the Administration has also decided to lift the ban on important components for China’s nuclear power plants, like generators,” which “could mean billions of dollars in sales” for GE. Christopher also assured China that the Clinton Administration “would be prepared to interpret an American law governing the export of high technology to allow the export of two of the seven sophisticated American-made satellites banned by sanctions imposed on China in August [1993], senior Administration officials said,” referring to the legislation passed by Congress after US intelligence provided “conclusive proof” that China was exporting missile technology and equipment in violation of international agreements (Sciolino); a Pentagon official, questioning the wisdom of sending China equipment for nuclear power plants, added that China had “disregarded American appeals to end its nuclear cooperation with Iran.”

The Chinese leaders did not make Clinton’s task easy: they “gave no ground at all on human rights” and “provided no fig-leaf to cover President Clinton’s nakedness,” Apple reports, noting however that it was only “a relatively unsophisticated Cray supercomputer,” so the “grand vision” remains unsullied, just as it survived the effective exclusion of human rights issues, even the right of workers to organize, from NAFTA. Two days earlier, Sciolino had cited “senior American officials” as saying that it was “a sophisticated \$8 million dollar supercomputer” that the US was selling to China — as “a good will gesture toward China,” “part of the Administration’s strategy to embrace, rather than isolate, China despite disagreements over human rights, weapons proliferation and trade.” At the tail end of impressive oratory on the “vision,” brief news clips reported that 81 workers died in a factory fire in southeastern China, most of them locked in “to keep people inside during working hours,” a factory spokesman said. This China-Hong Kong joint venture makes dolls, probably for sale to American children as Christmas presents; let’s hope any dried blood was washed off. Two people had been killed by toxic fumes at another toy factory a week earlier, and on August 5, an explosion and fire at a chemical depot killed 18 people and injured dozens more. The deadly accidents “have drawn attention to industrial safety conditions in southern China,” widely hailed as the site of an “economic miracle.” The attention apparently did not reach as far as Seattle, where Clinton was “embracing” the Chinese rulers and proclaiming his “grand vision,” to much applause.

Squaring the circle becomes still more difficult as we proceed. Clinton’s new “notion of national security,” Thomas Friedman explains, rests on two principles: “promoting free trade and stemming missile proliferation.” Sciolino’s adjacent column describes the sale of a sophisticated supercomputer and nuclear power equipment to China, all produced in radical violation of free trade doctrines and easily adaptable for missile and nuclear weapons proliferation. Further proliferation should hardly come as a surprise to the Administration that “decided to allow the sale

despite clear evidence that China has broken its promises to Washington by exporting M-11 missile components and technology to Pakistan” in violation of an international missile control accord. The supercomputer is for weather prediction, the Administration assures us, and will be used “under strict conditions, including substantial American monitoring that will prevent its diversion for military uses.” A Pentagon official involved in proliferation issues added the obvious: “if the Chinese manage to use the supercomputer in a weapons program, no one’s going to go in there and pull the plug.” Other Asian and US sources said that the “advanced supercomputer...would be useful in China’s strategic weapons programs, particularly in simulated tests of new missiles,” Paul Quinn-Judge reported, quoting US specialists who say that China is engaged in “the world’s most comprehensive program of transfer of missile technology,” providing missiles to Pakistan, Iran, and Iraq, and possibly having helped North Korea in the development of a 600-mile range missile.⁴³

Summarizing, Clinton’s “grand vision” for free trade, ending weapons proliferation, and promoting human rights rests on the following principles. The model is state-subsidized corporations that use taxpayer dollars to maximize their profits, investing where they choose whatever the effects on their workers and communities, those who pay the bills generally, and workers and communities abroad. High technology and other exports will be provided to leading human rights violators who may use them freely for missile and nuclear weapons proliferation in violation of international agreements. Labor rights and human rights concerns generally — say, the right not to be burned to death when you are locked into a factory — are off the agenda, except, of course, for those who do not offer commercial advantage for US corporations, and official enemies who get in the way.

In short, the powerful do what they want, leaving it to the educated classes to construct the proper imagery.

Another slight problem is that Clinton had “accused Mr. Bush during the presidential campaign of not doing enough to halt the spread of nuclear, chemical, biological and ballistic missile technology” (Sciolino). But having taken over the reins, “in effect, [Clinton] said that abuses of civil liberties in China must not be ignored but must not be permitted to dominate the relationship — a formulation remarkably like that which guided the Bush Administration and which Mr. Clinton roundly criticized during the 1992 campaign,” adopting it now as part of his “continuing effort to loosen the linkage between human rights and commercial relations” (Apple). These, however, are just more of the unimportant issues that don’t bear on Clinton’s “bottom line,” which he firmly held, silencing his critics, as Apple had explained two days earlier. They fall in the same category as Clinton’s first decision: to modify the Bush policy of turning back Haitian refugees, which he had bitterly condemned during the campaign, by harshening it further with a total blockade — a blockade which, somehow, seems to miss the boats that sustain the military rulers by ferrying drugs in and out.

“There was no linkage” in the supercomputer sale to China, a senior Administration official said. Not too much of a surprise, after all. As well-known, Clinton drew much of his top staff from the Carter Administration, which opened its human rights crusade by confronting the issue of arms sales to Iran, the world’s leading purchaser of US arms and ranking high (perhaps first) in torture of political prisoners and other human rights violations. In April 1977, the Carter

⁴³ Sanger, Apple, op. cit. Sciolino, Friedman, NYT, Nov. 19; Quinn-Judge, BG, Nov. 20. Industrial accidents, Reuters, NYT, Nov. 20; special, NYT, Nov. 21, 1993.

Administration addressed the problem forthrightly by imposing pressures on Iran — to purchase advanced armaments that it had not requested and probably could not use, sophisticated surveillance planes to monitor and control air battles, at a cost of \$850 million. US Air Force personnel would operate the system, reports from Washington indicated. Visiting Teheran a month later, Secretary of State Cyrus Vance stated that “no...linkage has been discussed” between arms sales and human rights, also clarifying to reporters that his talks with the Shah had “laid no particular stress” on human rights issues. “Each country has a responsibility to itself to deal with terrorist problems,” Vance told the press, and the new Human Rights Administration had little to say to the Shah about such matters.

Reporting the April 1977 efforts to sell Iran advanced armaments, the *New York Times* observed that “one of the principal reasons behind the Pentagon pressure for the offer to Iran was to keep the Boeing production line open.” More generally, sale of arms to oil producers was one of the devices employed to sustain the publicly-subsidized privately-run corporations that are the “model” for the free market vision, and to ensure that the huge profits from oil production would continue to flow to the US (and its British client), not to the people of the region, the central doctrine of US Middle East policy. In pursuit of the same goals, James Baker and George Bush intervened in a secret meeting in October 1989 to ensure that their friend Saddam Hussein would receive another \$1 billion in loan guarantees, overcoming Treasury and Commerce department objections that Iraq was not creditworthy. Gassing of Kurds and torture of dissidents were not issues, linkage with human rights concerns having been properly loosened. The additional \$1 billion for Saddam was justified, the State Department explained, because Iraq was “very important to US interests in the Middle East,” being “influential in the peace process” and “a key to maintaining stability in the region, offering great trade opportunities for US companies.”⁴⁴

Interesting to see how much changes over the years, as one vision replaces another.

8. The Broader Vision

Meanwhile, other elements of the vision fell into place. While linkage to human rights and proliferation was being loosened at the Seattle Summit, USAID announced that 21 missions serving 35 countries and territories would be terminated as Washington reduced its aid program, one of the most miserly in the industrial world, still further. The announcement was “criticized by David Beckman, president of Bread for the World, a Christian organization dedicated to alleviating hunger,” AP reported. “Mr. Beckman said most of the cutbacks affect very poor countries. The problems of hunger, poverty and environmental degradation are not priorities for the Clinton Administration, he asserted.” They too fall below the “bottom line.”

On the front page the same day, *Times* correspondent Clifford Krauss reported that the Senate passed “a broad and expensive anticrime package whose leading provisions would add 100,000 police officers to the nation’s streets, build a network of high-security regional prisons and create more boot camps for young offenders,” also extending the death penalty to 52 Federal crimes and requiring states that receive Federal money for the construction of the new regional prisons to adopt harsher sentencing rules. This \$23 billion package over 5 years “would amount to a sixfold

⁴⁴ Sciolino, *op. cit.*; Apple, *NYT*, Nov. 20, 1993. *NYT*, April 27, 1977; Joe Alex Morris, *Los Angeles Times*, May 1977. See my ‘Human Rights’ and American Foreign Policy (*Spokesman*, 1978), 72f. Iraq, Lionel Barber and Alan Friedman, *FT*, May 3, 1991; see Year 501, chap. 3.5.

increase in the annual subsidy that Washington now gives to state and local governments to fight crime.” An amendment, passed unanimously, allows for secret deportation trials for “alien terrorists,” though “it couldn’t even get to the floor during the Reagan-Bush years,” the Nation editors observe. Another makes membership in a street gang a crime. Another, passed by 91–1, requires automatic life imprisonment without parole for a third felony, whatever the offense.

It is “the finest anticrime package in history,” Senator Orrin Hatch remarked, observing the proceedings with pleasure from the far right. “Mr. Clinton did not have to engage in much lobbying on behalf of the bill,” Krauss added, though he presumably would have done so if necessary, having always taken pains to show that he is one tough hombre. Writing in the London Sunday Telegraph several months earlier, American TV correspondent Charles Glass had asked “what is the connection between an Iraqi artist named Layla al-Attar, and Rickey Ray Rector, a black man executed in 1992 for murder in Arkansas?” The answer, he pointed out, is Bill Clinton’s need to improve his ratings, in one case, by sending missiles to bomb Baghdad, killing al-Attar among others; in the other, by returning to Arkansas in the midst of his presidential campaign to supervise the execution of a mentally incapacitated prisoner, proving “that a Democrat could be tough on crime.” Alexander Cockburn drew the same connection here in a Wall Street Journal Op-ed, a jarring note in the general enthusiasm for Clinton’s war crime. The new legislation merely updates it.

Law-enforcement experts doubt that “even legislation this vast” will have a significant effect on crime unless it deals with the “causes of social disintegration that produce violent criminals,” Krauss continues. The social disintegration is an integral part of the “vision,” as policy is crafted to entrench more deeply the Third World model of a two-tiered society, with a surplus population that is increasingly useless for profit-making, the value to which all else must be subordinated.⁴⁵

Reviewing “Clinton’s accomplishments” as the Seattle summit ended, the liberal Boston Globe detected real progress, even signs of “a potential transformation” in American politics. “Even a majority of Republican voters think Clinton has a vision,” a GOP pollster says. True, “much of Clinton’s ‘vision’ has yet to become law,” and his “record at transforming his ideas into reality is not perfect.” But it is impressive nonetheless, with real successes: raising taxes on the wealthy, protecting the right of abortion and guaranteed parental leave, and the “motor voter” bill that allows people to register when they get a driver’s license. They forgot to mention the environmental initiative that marred the record otherwise applauded by the business community: the order to government offices to use more recycled paper.⁴⁶

A closer look at Clinton’s accomplishments suggest that the business leaders sampled in the Wall Street Journal have a sharper eye.

⁴⁵ AP; Krauss, NYT, Nov. 20. Editorial, Nation, Dec. 6, 1993. Glass, ST, July 4; Cockburn, WSJ, July 1, 1993.

⁴⁶ BG, Nov. 21, 1993.

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Noam Chomsky
The Clinton Vision
January 1994

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