

# **The Leadership Crisis of the U.S. Ruling Class**

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2011

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# INTRODUCTION

Among the things the contemporary political scene in the United States reveals is that the country's ruling class is suffering from an acute crisis of leadership. I am not speaking here in terms of the effectiveness of the nation's political leaders in addressing the interests of the country as a whole, however one may conceive them. I am referring to the fact that the nation's current political elite is not even adequately dealing with the narrowly-conceived interests of the ruling class itself. In other words, the people now running the country are a bunch of schlemiels, who are making a real hash of things, even from the ruling class's selfish point of view.

The question is not one merely of the Bush administration, its incompetence, venality and other distasteful traits. It is one that involves virtually the entire current political leadership, Republicans and Democrats alike, of the ruling class itself. The existence of such a class (or, as some people prefer, elite) is veiled by the country's relatively open political system—the fact that many people vote, that running for political office is at least theoretically open to all citizens of voting age, that many who do not belong to that class do run for office, that membership in the class is somewhat fluid, etc. But it does exist. Although it is hard to demarcate precisely, despite the efforts of Marxists, and others, such as sociologist C. Wright Mills, to do so, I believe there is a social stratum that because of its wealth and its access to power—either directly, in the holding of office, or indirectly, through its wealth, economic, political and social connections and influence—exerts effective control, most of the time, over the economic and political decisions of the country. (The caveat—“most of the time”—is what the rest of this article is about.) I do not wish to debate here the issue of whether there is such a class in the United States. But its existence is, as will be clear, an underlying assumption of this article.

The leadership crisis of the ruling class is clearest in terms of foreign policy, and here, most obviously, in Iraq. Leaving aside the questions of whether the Bush administration lied about Saddam Hussein's involvement with Al Qaeda and his possession of “weapons of mass destruction,” whether it doctored evidence to make its case, and the other collateral issues of the war, the administration's Iraq policy was and is a disaster. Handicapped by their own ignorance, arrogance and ideological blinders, Bush and his cronies assumed that the Iraqi people would welcome the United States as a liberator, and that with Saddam Hussein out of the way, the building of an American-style bourgeois democracy would be easy. Accordingly, they gave no thought to the post-invasion situation and had no plans to cope with anything, let alone the concrete conditions that developed in that country. The political scene in Iraq is now a mess; there is no sign that it will improve and no strategy that could conceivably be effective. (The idea that a newly constructed Iraqi army and police force, rife with the same tensions currently dividing the country as a whole, can defeat the insurrection and pacify Iraq when the US armed forces, the best in the world, have failed to do so is absurd.)

It is now clear that the US invasion of Iraq was a colossal mistake (leaving aside questions of justice and morality). The United States cannot feasibly get out of Iraq without having the situation there degenerate into a total disaster—a bloody holocaust, the probable direct intervention

of neighboring states, such as Iran and Syria, and the possible dismemberment of the country. And given the unrest elsewhere in the Middle East—Lebanon, Israel/Palestine, Saudi Arabia and Egypt—there is a real danger that the situation in Iraq may lead to an explosion that engulfs the entire region. Given the importance of the area, including its role as a source of oil and its geo-strategic location, the dangers to the global interests of US imperialism are immense. I doubt this is what the Bush administration and the other supporters of the invasion in the ruling class had in mind.

(It's not as if the ruling class had no other imperialist options in Iraq. Anybody remember Muammar el-Qaddafi, the past and present president/strongman of Libya, a former sponsor of "terrorism," foe of human rights and democracy, the overall "bad boy" of the 1990s? He's still around, and as far as I know, Libya is still no Western-style democracy with an "open" political system and economy. He hasn't changed much, but he's not in the forefront in the media, and whatever else he's doing, he's no longer deemed a "terrorist threat." This transformation was not achieved through an invasion. A diplomatic policy—a combination of rewards and threats (carrots and sticks)—brought about the desired result. Such a policy was possible in Iraq—indeed, it was being applied—and it might have succeeded if there had been more time and patience, and finesse.)

The US invasion of Afghanistan is in similar, if not as obvious, trouble. Osama Bin Laden has not been found, the Taliban has not been defeated, opium production has not been stamped out, and the country has certainly not been united under an effective democratic government. Quite the contrary, the Taliban and its allies in the guerrilla struggle against predominantly US forces are winning, the US-backed government rules over only a small and diminishing part of the country, and the opium crops are bigger than ever.

Viewed more broadly, US foreign policy has had other serious setbacks. US allies in Europe and elsewhere have been alienated, hindering the US ruling class's ability to mobilize political and material resources behind its goals and to portray its imperialist policies as humanitarian interventions. The political trend in Latin America has been moving against the United States, with leftwing populist governments being elected across the continent. And the prestige of the United States is in decline throughout the world. Increasingly, US global activities, corporate and governmental, are recognized as the imperialism they really are.

Domestic policy is also in a shambles. None of the crucial issues facing the country has been effectively dealt with and most haven't been addressed at all. Bush's pet project for education, the so called No Child Left Behind Act, has arguably (as I do argue elsewhere in this issue) made a bad situation worse, and most of the other dire problems—an economy that is weaker than it looks, the looming threat of insolvency in Social Security, a dysfunctional medical care system, a crumbling infrastructure, environmental destruction, including the United States' (very large) contribution to global warming—are not being seriously discussed. The exception, the question of illegal immigration, is being addressed, but I doubt the plan currently being discussed in Congress will solve the problem.

It's easy (and to many liberals, convenient) to think that this crisis of leadership is merely or primarily the result of an extraordinarily inept and venal Republican administration. But the Democratic opposition, now so bravely flexing its muscle, shares much of the blame. Where was the militant opposition to the invasion of Iraq before it occurred, when it was most needed? Why did the Democrats wait until after public opinion had very obviously turned against the war before doing any-thing more than carping about Bush's handling of events there? Where are

the detailed proposals to deal the situation there, and with the other problems facing the country? Even former New York governor Mario Cuomo has chided the leading contenders for next year's Democratic presidential nomination for playing it safe, that is, not raising serious solutions to serious problems. It is quite apparent that these people do not lead; they follow. The chief reason they failed to oppose the invasion of Iraq, aside from the not irrelevant one that they supported (and still support) its imperialist aims, is cowardice and a gross misreading of the mentality of the electorate. The Democrats have long been labeled as being "weak on national security issues." So, fearful of providing evidence for the charge, wary of what seemed to be conservative ascendancy among the voters, and stupidly believing that the invasion might actually achieve its goals, they scurried for political cover, precisely when real leadership—staunch opposition to the proposed invasion—might have made a difference. Those who expect much from the Democrats, either now or in the future, are in for serious disappointments.

What accounts for the current crisis? While the Bush administration seems particularly incompetent and the current crop of Democratic leaders appears especially cowardly, part of the cause is the result of the fact that the power of US imperialism has noticeably ebbed. This decline has been gradual, and in some ways obscured by the collapse of the former Soviet Bloc. But it is palpable, and politically astute sectors of the ruling class are aware of it. This is why previous administrations usually worked carefully to mobilize significant international support for their imperialist ventures before they undertook them. But Bush, Cheney and their advisors believed (and perhaps still believe) that this apparent recession of US power was an illusion, the result of a lack of will. All that was needed, they figured, was for the US to aggressively and self-confidently exert its authority and everything would be put right. It seems they were wrong.

Political miscalculations are more serious for imperialist nations whose power is ebbing than they might otherwise be. When a country is economically, politically and militarily strong, especially compared to its nearest rivals, it can survive its mistakes. The war in Vietnam was a real blunder, both in itself and in its effects on the country. But the United States was strong enough to recover and to maintain its global hegemony (although the war did cause long-term damage), and the ruling class was able to reassert its control over the domestic political and cultural scene. But over the years since then, US power has receded still further, and as a result, it has become much more vulnerable to errors in political judgment.

Likewise, the impact of some of a nation's longstanding cultural traits grows as the country is weakened. The people of the United States have long been characterized by an incredible ignorance of the rest of the world; most Americans speak no languages other than English, cannot identify other countries on maps, and know little or nothing about these nation's histories and cultures (indeed, most Americans are woefully ignorant of US history). This is accompanied by a tremendous amount of arrogance, usually portraying itself as patriotism: the belief that the United States and everything about it is the best in the world. Much of the political elite and the ruling class more broadly is comparably benighted. But most administrations prior to our current one had the sense to surround themselves with, and to listen to, people with some expertise on the issues. But the bravado of Bush and company knows no extremes. And this, combined with the country's weakness, has helped pave the way to disaster.

In addition to these factors, I think there is something new at work. This is that the current administration, much of the Republican party and considerable sectors of the population as a whole have become prisoners of an extremely narrow ideological outlook, a particular variant of conservatism. This standpoint is the not-fully-integrated melding of a variety of currents: the traditional

conservatism of Russell Kirk and William Buckley's *National Review*, the "neo-conservatism" of the former Communists, socialists and liberals once around *Commentary* magazine, the conservative (once liberal) economic theorists such as Milton Friedman and the so-called "University of Chicago school" of economists, as well as the socially conservative trends represented by preachers such as Jerry Falwell (fortunately, now deceased), Pat Robertson and their offspring. Most of these streams developed over the past five decades, largely in response to the New Deal liberalism that seemed so hegemonic after World War II. Partly because of the strength of that hegemony, the evolving conservative movement over the years became increasingly strident. Central to this growing militancy was the fact that the movement fed powerfully on those layers of the population that felt mistreated or ignored by liberal policies, and terrified by the political, social and cultural changes the country (including the decline in its power) was undergoing. These layers now dominate the rank and file of the Republican Party.

Ironically, the militancy of the conservative movement was intensified by the political victories of some of its champions among the politicians. By and large, when these figures were elected to office, they did not systematically promote conservative policies. From the point of view of the conservative purists and the rank and file, they "sold out." This was perhaps clearest in the case of Richard Nixon, who ran as a conservative but governed as a moderate, and in some areas as a downright liberal. For example, in an attempt to deal with the "stagflation" (the rare combination of slow economic growth and inflation) that plagued the early 1970s, Nixon instituted wage-price controls and declared, "We are all Keynesians now," a reference to the liberal economic theories of John Maynard Keynes, who proposed government intervention in the economy as a corrective to the malfunctioning of the market. In foreign affairs, he opened the doors to a rapprochement with Communist China, then the bugbear of the political right wing. Ronald Reagan, too, ran as a conservative but in many respects governed as a centrist, running up huge government deficits and engaging in a "realist" foreign policy. (Remember the Iran-Contra scandal—secretly selling arms to the revolutionary regime in Iran to fund a right-wing guerrilla war against the Sandinista government in Nicaragua?) Reagan was and still is held in high esteem by many conservatives, (among other things, he is falsely believed to have single-handedly brought about the collapse of the Soviet Union). But the "Reagan revolution" was perceived to have been aborted, by, among other things, the policies of George H.W. Bush, another figure who ran as a conservative but pursued centrist policies; and then, much more so, obviously, by the two Clinton administrations (who, despite his liberal rhetoric, also governed as a centrist). Given the growing power of the right wing in the Republican party, sooner or later, it seemed inevitable that a president would be elected who really believed the conservative rhetoric and would actually seek to implement a right-wing program: that president is George W. Bush.

Aside from the factors just discussed, the election of Bush in 2000 (and his reelection in 2004) reveals some noteworthy characteristics of the political system in the United States. I am not here talking about the questionable nature of Bush's victory, the role of the electoral college, the court decisions, etc., that gave him the presidency. I am referring to the very nature of bourgeois democracy. Such a system offers many advantages to the ruling class. Probably most important, by allowing participation—from voting to running for office—by broad sectors of the population, it gives the illusion that the country is run in a truly democratic fashion, either that the people actually govern, or at least that they can make their opinions known and have their needs met through the political system. Such a setup, along with the two-party system that has evolved in the US, offers several positive advantages from the point of view of the country's rulers. First, as

suggested above, it hides the very existence of a ruling class—a social layer that does, in fact, run the country. Secondly, it blunts political opposition, tending to move political debate and, even more so, implemented policies, toward the center, while rendering radical alternatives virtually irrelevant. Thirdly, it serves as a kind of feedback mechanism, allowing the elite to gauge public opinion and take steps to mollify it before it gets out of control. Fourth, bourgeois democracy offers the different, and often competing, sectors of the ruling class a way to articulate and fight for their specific interests and come to an agreement about which policies are to be implemented.

But bourgeois democracy does have its drawbacks from the vantage point of the ruling class. Because of its relative openness, the fact that it involves large sectors of the population (roughly 50%), and that it enables different ruling class factions to mobilize popular support for their programs, it raises the possibility that someone may be elected who implements, or tries to implement, policies that are not supported by significant sections of the ruling class or even by a majority of that class, and which, for a variety of reasons, they are not able to block. Several administrations in recent US history reveal this dynamic.

As I see it, the administrations of Franklin D. Roosevelt constituted such a scenario. Without going into details, it is worth noting that a much of the US ruling class (and certainly its corporate leaders) opposed Roosevelt's New Deal policies, particularly its social legislation and the institutionalization of workers' rights to organize and strike. But given the crisis of the country, Roosevelt's personal popularity (which he so astutely cultivated through his use of the media, particularly radio), and the militant mobilization of millions of workers and others in strikes, mass organizations and demonstrations, the capitalist efforts to thwart Roosevelt's policies failed. Roosevelt's programs did not end the Depression of the 1930s (many economists think they made the situation worse); the mobilization involved in World War II did. But socially, Roosevelt's policies were critical in blunting the radical mobilization of the time, institutionalizing it and ultimately destroying it. Thus, Roosevelt very effectively managed a social crisis that was a serious threat to the ruling class, and strengthened and stabilized US capitalism as a whole. But in many senses, he had to do this against the opposition of much, if not most, of the ruling class itself.

The Kennedy years represent a similar phenomenon, but with a different outcome. In 1960, John F. Kennedy ran on a political platform that was virtually indistinguishable from that of Nixon. Aside from rhetoric and packaging, he offered nothing new. If anything, he ran to the right of Nixon on foreign policy, claiming the existence of a so-called "missile gap" (the Russians supposedly had more intercontinental ballistic missiles than the US, a charge later shown to be false), and accusing the Eisenhower administration, in which Nixon was vice-president, of allowing Fidel Castro to come to power in Cuba and doing nothing to overthrow him. (Kennedy knew that the administration had secretly ordered the CIA to prepare an invasion of the island nation and that Nixon, for obvious reasons, could not reveal it.) Kennedy won the election by a handful of votes (with a significant assist, in both the primaries and the general election, by the Mafia), but once in office, he developed a broad popular following, primarily through the manipulation of the media, in a manner similar to that of Roosevelt. (Where Roosevelt pioneered the use of the radio, Kennedy, with his youthful good looks, had TV. He was also the darling of much of the nation's print media and the intellectual class as a whole.)

During his first three years in office, Kennedy mostly pursued a mainstream Cold War-era agenda, in both domestic and international policy. But some crucial events convinced him to change direction. These included: the catastrophic defeat of the Bay of Pigs invasion of Cuba in 1961 and the failure of the CIA's mob-assisted efforts to kill Castro afterward; the US-Soviet mis-

sile crisis in 1962; the CIA-directed assassination of South Vietnamese president Ngo Dinh Diem and the growth of the civil rights movement, culminating in the huge March on Washington, both in 1963. In foreign policy, Kennedy moved to ease tensions in the Cold War, signing a nuclear test ban treaty with the Russians and removing Titan missiles from Turkey, in exchange for a pledge not to invade Cuba. He expressed unease over the liquidation of Diem and the overall course, and even the viability, of the war in Vietnam. He fired long-term CIA chief Allen Dulles and brought the agency more directly under his control.

Domestically, Kennedy began to move toward allying himself with the civil rights movement and to curb the power of certain sectors of the capitalist class. Among other things, he eliminated the 27 1/2% oil depletion allowance (essentially, a huge tax write-off) enjoyed by the oil companies. He intervened in a national steel strike in 1961, forcing the steel companies, then among the most powerful corporate interests in the country, to rollback their recent price increases and to come to an agreement with the United Steelworkers union. Through his brother, Attorney General Robert Kennedy, he attacked the International Brotherhood of Teamsters, the largest labor organization in the country, and its independent (and Mafia-connected) leader, Jimmy Hoffa. He began a ferocious campaign against the Mafia, which at that point dominated whole sectors of the US economy and with which virtually all major political figures, including Kennedy himself (and his father), senator and later vice president Hubert Humphrey, Nixon, FBI chief J. Edgar Hoover, vice president Lyndon Johnson, and untold numbers of others, were affiliated. (The Mafia, remember, had helped get Kennedy elected, hoping, among other things, that he would be able to get back the gambling casinos Castro had closed down.) Kennedy also contemplated removing Hoover, who had immense power over the political elite itself through his illicit surveillance (photographs, wiretaps and bugs) of their private lives, and who himself was a creature of the Mafia. (For decades he denied the very existence of organized crime, while he met secretly with mob boss Frank Costello, who told him which races to bet on—they were fixed—at the racetrack. The mob, it is alleged, had photographs of Hoover and his long-time lover Clyde Tolson in compromised positions.)

Precisely why Kennedy took all these steps—out of concern for the long-term interests of the ruling class and the system as a whole or merely to increase his own power, or some combination of the two—is not clear. (The entire Kennedy family was long known in the ruling class for its unscrupulousness and total lack of loyalty to anybody or anything but its own interests and power) Whatever the case, in carrying out or attempting to carry out these and similar policies, he antagonized many if not most sectors of the ruling class, making the tactical mistake of going after too many enemies at the same time. He thus set himself up for his assassination in November 1963 (by the Mafia and elements in the CIA, in my opinion, the cover-up being arranged or connived in by all who had dirty laundry to keep out of the public eye), and his replacement by the much more pliable Lyndon Johnson.

The present Bush administration illustrates the same basic dynamic, but this time involving a conservative, rather than a liberal, administration. Bush, you may remember, ran under false pretenses, claiming to be a “compassionate conservative,” (aka a moderate), slipped into office on a questionable vote count, an even more questionable Supreme Court decision, and a still more questionable failure to con-test on the part of the Democratic Party. Then, basing himself on the patriotic fervor engendered by the attack on the World Trade Center, and believing that the conservative upswing was the beginning of a long-term realignment of the US political scene (as Roosevelt’s had been for liberalism), Bush began to implement a radical conservative program.



In foreign policy, this included, among other things, the bald and militant assertion of US military power (in Afghanistan and Iraq), the total alignment of the United States behind Israel, a rejection of the European ruling elites' right to influence or even to criticize US actions, and an antagonistic attitude toward the UN and other international organizations. Domestically, Bush's program entailed the dismantling of Social Security (when Barry Goldwater raised the idea in the 1964 presidential election, most of the country thought he was a nut), the regimentation of the country's public school system through the so-called No Child Left Behind Act (which many in the system believe to be designed to prepare the ground for its weakening if not dismantling through the use of vouchers), the drastic increase in the ability of the government to spy on US citizens, the realignment of the Supreme Court through the appointment of conservative justices to replace the liberals who retired, and through that, the rolling back of abortion rights, environmental protections, civil liberties, and the separation of church and state, among other things.

I do not believe these goals were or are supported by the majority of the country's ruling class. This is certainly the case in foreign policy; even before the invasion of Iraq was launched, elements in the country's foreign policy establishment spoke out forcibly against it, while today, the disastrous results of Bush's program are glaringly obvious. (If anything, the Baker Commission, the so-called Iraq Study Group, represented the efforts of the mainstream of the ruling class to try to salvage an operation that had gone so awry. Its tone revealed this: it had the character of parents admonishing wayward offspring for their naughty behavior.) The same is true of domestic policy. This is one of the reasons why Bush's plan for Social Security never left the ground, and why the administration's steps to increase domestic "security" at the expense of civil liberties have met with so much opposition from the courts, Congress, and the media.

Unfortunately for the ruling class as a whole (and the rest of us), the nature of our political system means that they (and we) have little power to stop Bush and his fellow oafs before they can do more damage. They could impeach him, but they need true malfeasance, not merely errors or differences of opinion, to do so. The Democrats have been looking for a viable issue, but they have not found one that is likely to stick. The ruling class, or some sections of it, could also arrange to have Bush assassinated, but that involves even greater dangers than allowing Bush to remain in office for the rest of his term, leaving aside the not insignificant issue that if Bush were bumped off, Cheney—as bad or worse, and as many think, the real eminence grise behind Bush—would take over. So they'd have to get rid of both Bush and Cheney; it starts to get pretty complicated.) So, the best option for the ruling class is to try to contain the damage the administration does, while doing what they can to ensure that a more astute person wins in 2008. But here, too, they are hemmed in by the nature of the political system, particularly by the fact that both the Democratic and Republican parties are dominated internally by rank and filers who are more radical, in their respective directions, than the electorate as a whole and most of the ruling class itself.

The nature of the problem is suggested by what is happening in the debate over illegal immigration. There is little doubt that the overwhelming majority of the ruling class elite is not in favor of expelling all the undocumented workers from the US. Economically, it would be a total disaster (even now, whole sectors of the economy—agriculture and home construction, for two—are dependent on immigrant labor), while the social consequences of the attempt to do so, including a massive escalation of raids, the jailing and deportation of millions of people, the disruption of families, etc., would be a tremendous embarrassment to the country internation-

ally, given its claims to be the global champion of human rights. Unfortunately for the ruling class (and those of us who support legalizing undocumented workers and opening the border), the conservative rank and file of the Republican Party and a substantial chunk of the electorate as a whole has been so aroused by the issue that it's not clear if a substantial solution to the problem, from the ruling class's point of view, is politically feasible. Among other things, the current political situation, and the crisis of political leadership we have been discussing, should call into question the accuracy of notions that the state is merely a passive instrument or tool of the ruling class as a whole, in the sense that the class comes to political agreement and arrives at decisions independently of, and prior to, the political process, simply utilizing the state to implement them. To be sure, the ruling class does have its own social institutions, political and economic organizations, and publications that exist independently of the government through which it or sections of it can meet and discuss the issues it faces. But to a great degree, the ruling class is politically organized by, through and around the state. And, given the fact that it is made up of different sectors with divergent interests and motivated by varying political attitudes, and given the precise nature of the political system that has evolved over the decades, this involves considerable risks to itself. Even when it is united, the ruling class might find itself incapable of convincing a majority of the electorate to support the policies it prefers. But when it is not in agreement, it might find the state to be, in a sense, hijacked by a political faction that represents a relatively small minority of the class.

The United States' crisis of leadership is not likely to go away any time soon, if only because at least one of its fundamental causes, the decline in US imperial power, will continue, particularly as Europe emerges as a more unified power bloc and China pursues its dramatic modernization. This entails risks, perhaps dire ones, for all of us, both in the US and internationally. But if one can get past the shock and terror of what this means, there is a certain perverse pleasure to be gained by watching political events unfold. The people running the country really are a passel of clods and I, for one, am enjoying watching them make fools of themselves.

# PART I

Beginning in December 2007, the United States entered into one of the deepest economic crises—now dubbed the Great Recession—in its history. Hidden behind this crisis, however, has been another one few people recognize. This is the leadership crisis of the US ruling class—the tiny stratum of rich and powerful people who, under the facade of our “democracy,” actually run the country. Today, this elite is facing dire conditions, yet it is almost completely paralyzed. The leadership crisis has several facets.

## CRISIS OF CONSCIOUSNESS

Perhaps most important is a crisis of consciousness: The ruling class has yet to grasp just how serious the situation facing the country really is. In the first place, most members of the elite tend to see it almost exclusively in economic terms: put simply, in September-October 2008, the US suffered a financial panic that turned what looked like an average recession into the worst economic downturn since World War II. Even here, only a few members of the ruling class understand how severe the crisis was, how far back its roots go, and how much damage it has done and will continue to do to the US economy. But even fewer realize that the crisis facing the country is far more than an economic one; it is also a political, social, and cultural one. There are some glimmerings of understanding of this, but for the most part, the ruling class—including, if not particularly—its political leadership, is asleep at the wheel.

The recent downturn signals the end of the position of overwhelming global dominance that the United States enjoyed since the end of World War II. Prior to the recession, some members of the elite did perceive that the power of the United States on the international stage had eroded. Indeed, the military adventures, particularly in Iraq and Afghanistan, of the administration of George W. Bush were motivated in part by just this perception, along with the belief that the real cause of this decline was a lack of will, an unwillingness, motivated by liberal and legalistic scruples, of the country to assert itself in the international arena. There now exists some sense among members of the ruling class that the recent recession, coupled with the far more robust growth of the Asian (primarily, the Chinese and Indian) economies, has had a serious impact on the ability of the United States to project its power internationally. Thus, there has been some discussion of the possibility of the United State sinking to the position of a second-rate power. But there is little realization of how far in that direction the United States has already gone. If, as I expect, the US economy experiences relatively tepid economic growth in the coming few years, and if, as most economists expect, the Chinese and Indian economies regain their explosive pre-recession rates of expansion, the decline of the United States toward second-rate status will become far more than a possibility. Perhaps the only consolation, if it is one, is the current economic/political crisis now confronting the European community, which will most likely result in a decline in European power and prestige that even greater than what the United States may experience.

The same lack of awareness extends to the United States' domestic life. The country has many longstanding and dire problems that are in crying need of being addressed, yet, judging from the proposals being put forward to deal with them, there is no clear recognition of how perilous they are. The law passed by Congress and signed by President Barack Obama this past spring that purports to deal with the country's broken healthcare system is an example of this. It fails almost completely to confront the blatant problems with the system: that millions of people are uninsured, that healthcare costs continue to rise at an alarming rate, that people are being forced to liquidate their life savings and go deeply into debt in desperate attempts to tend to their medical needs, that the insurance companies, which recently reported record profits, treat their clients in the most callous manner conceivable, that medical malpractice and malpractice suits abound, and that, after all this, indices of popular health in the United States rank near the bottom of the industrialized nations. The new law is, at best, a stopgap measure that may lead to insurance coverage for some of the currently uninsured but only at the expense of exorbitant premiums and government subsidies to be paid for by those workers and middle class people who already have coverage, while guaranteeing the insurance companies a captive market and enormous profits. Moreover, the only proposals that might have a significant impact on the system—taking the entire sector out of the hands of private enterprise and putting it into those of either the government (the so-called “single payer” plan) or (my preference) locally run, doctor/patient-managed, nonprofit cooperatives—were not even under discussion.

Much the same can be said about the bill about to be passed by Congress designed to fix the nation's financial system. While some of the proposals contained in the legislation will most likely help consumers and make some of the arcane financial maneuvers of the big banks somewhat more transparent, the legislation will not prevent another financial meltdown somewhere down the road. In like manner, the proposals being put forward by the Obama administration to deal with the problems of the country's failing public school system (including tying teachers' evaluations and salaries to students' test scores, undercutting job security—including firing the entire staffs of so-called “failing schools”—and breaking the teachers' unions) will almost certainly make a bad situation worse.

And what about the nation's decaying infrastructure, immigration, the unconscionably high rates of unemployment, the dispossession of millions of people from their homes, the unfunded liabilities of Social Security and Medicare, and, not least, the environment? While billions of taxpayer dollars have been thrown at the banks and automobile companies to contain the financial crisis, and while billions more are being funneled to the armed forces in unbelievably expensive military operations overseas, the amounts being considered to deal with these other problems, when they are being considered at all, are minuscule.

Of course, a great deal of the reticence to putting forward proposals that actually address the crucial issues stems from the fact such measures might wind up encroaching on that most sacred principle of the capitalist class—private property. Moreover, such proposals would be extremely expensive, and none of the mainstream political and economic leaders has a clue about where the funds would come from. The federal government is already running record deficits and levels of indebtedness, while state and local governments are near bankruptcy and cutting budgets, employees, and services at breakneck speed. The only ways to raise money for the required projects (and to cut the enormous budget deficits) that are under serious consideration are (1) raising taxes, or (2) cutting government programs, and both will have a negative impact on the stillfragile economic recovery. If the government raises taxes on the big corporations and banks

(and none of our nation's leaders or leading economists is proposing this), this will cut into profits, hinder new productive investment, and prevent the hiring of presently unemployed workers. Raising taxes on small businesses, in fact, the main source of new hiring and new technology in the economy, will have a similar dampening effect. Unwilling to raise taxes significantly on the rich (themselves), they are left with some combination of increasing taxes on the middle and working classes and slashing government programs, both of which would reduce the purchasing power of the already overextended "consumer" and thus hamper the economy from that direction. The one place where money is available is the huge military budget, and there had been no significant figure in the ruling class who has proposed touching this. In the announcement of President Obama's selection of a non-partisan commission to look into cutting the federal government's budget deficit, it was touted that "everything will be on the table" for consideration. But you can bet on at least one thing—that seriously cutting the military budget will not be there.

A truly far-sighted political leadership would recognize that drastically downsizing the "defense" budget and shrinking the country's military commitments would be in the ruling class's long-term interest—regardless of the short- and medium-term loss of international power and prestige. (Comparable to the British Empire after World War II, US imperialism is greatly overextended, and the attempt to maintain its informal empire when the economic resources to do so are lacking is already taking its toll, a toll that will become increasingly burdensome in the future.) Equally if not more important, the money released from the military budget could then be used to foment green technologies, promote the conversion of US industry to environmentally-friendly practices, and rebuild the country's infrastructure, all of which, taken together, might well stimulate a longterm capital spending boom and a broad-based economic expansion. But a leadership that both sees the need for such a step and has the political guts to wage a fight for it is lacking.

## **CRISIS OF THEORY**

Part of the reason for the lack of understanding of the extent and depth of the crisis facing the country is a crisis of theory, particularly economic theory. Throughout the past decade, bourgeois economics has failed miserably. Most obviously, the vast majority of the bourgeois economists in the country did not see the recent crisis coming. There were some who understood that some kind of recession was in the offing, but very, very few realized that something was seriously amiss that would make the coming downturn more than just a garden variety recession. Equally important, nobody listened to them, largely because there was little in mainstream economic theory that justified their alarmist views. Even now, the economists are still trying to figure out exactly what happened, and only a handful of them have any clear notion of what lies in store for the nation.

The problems with bourgeois economic theory are many. One of them is that it rests on a series of banal, completely empty abstractions. To start with, concrete human beings, with our flawed intellects, our volatile emotions, our differing cultural and religious backgrounds, and our competing interests and values, are reduced simply to "economic man," who always seeks to maximize his economic interest, has a clear understanding of the choices available to him, and makes rational decisions based on this. The broader (and much more complicated) social, cultural, and psychological reality is ignored or downplayed; all people, regardless of social class

and the other specific characteristics that define us, are assumed to fundamentally act the same way economically. The other side of this ridiculous idea is the equally absurd belief that all economically active entities, from unorganized workers to giant corporate entities, have the same fundamental economic relation to each other, through the market. Read through any economics textbook and you will come across this contention: all of us—workers, farmers, small businesses, middle-sized and giant corporations, banks—relate to each other equally through the market, as buyers and sellers of commodities. We sell our commodities and receive money in return: workers receive wages, which is payment for their labor, farmers receive money for the agricultural products they sell; businesses, small and large, receive profits in exchange for the products they make, and banks earn interest, which is payment for the money they lend others. Everybody is equal, everyone is, economically speaking, the same. The fact that some of these “economic entities” are isolated individuals with little or no power while others are humongous entities that wield tremendous clout (both on the market and with the government), that some of us walk away from the market with the same amount of wealth we had before we sold our goods (or less), while others end up with more (a lot more), is conveniently slid over. Moreover, according to bourgeois economic theory, markets are almost always (that is, aside from short-term fluctuations) perfect: in the long-run and on balance, market exchanges are fair, and if left to itself, “the market” brings about the most efficient allocation of a society’s economic resources.

The apologetic nature of this theory is obvious. All economically active individuals are equal, there is no exploitation (nobody gets rich at the expense of anybody else), everything is just, everything works out for the best. Not least, this theory implies, our current capitalist economy is based on and reflects human nature, hence the deduction that it is eternal and cannot be fundamentally changed. (Not surprisingly, this mythical economic world is a copy of the fantastic world of bourgeois political theory in which we are all equal citizens of a democracy, in which political “pluralism” prevents any one social group or stratum from dominating the others. In other words, there is no ruling class.)

Built as it is on such vacuous notions, bourgeois economic theory provides no meaningful conception of modern society as a whole. It cannot explain the relation between economics and social and political life (nor, more narrowly, between the economy and the state). It provides very little insight into history, even economic history. And it provides almost no understanding of economic crises. For, if markets are always efficient and rational distributors of economic resources (they are always in “equilibrium”), what causes these periodic stoppages of the system? Why do they occur when they do? Why are some downturns mild while others (such as the one we recently experienced) are crippling? Bourgeois economics has no answers to these questions; it offers no commonly agreed-upon explanation of the business cycle (the fact that economic growth occurs in periodic waves); nor does it have any unified theory of recessions and depressions. In fact, according to it, there shouldn’t be any crises at all. All that bourgeois theory gives us in this realm are empirical descriptions of specific economic events, superficial analyses of the relation between certain economic variables, and a few “rule of thumb” techniques for manipulating the economy in the short run.

Beyond all this, the foundation of classical (bourgeois) economic theory is a theory of value that gives no insight into what anything is really worth, how much it actually costs society (and the Earth) to produce. Without going into details, it is sufficient to note that in capitalist economics, value is subjective: the value of any given commodity, or class of commodities, is determined by subjective evaluation on the part of potential purchasers of these commodities.

This is just the other side of the belief that markets are always (or almost always) rational and efficient; aside from (very temporary) aberrations, the prices products are sold for represent their actual values. It should be clear that, based on this theory, there can be no adequate evaluation of the state of any given sector of the economy or of the economy as a whole. Take the housing market. With the benefit of hindsight, we now know that prior to the financial panic of September-October 2008, home prices were greatly inflated, that is, were way above what the homes were actually worth and were far greater than what many home buyers could afford. This was papered over by a vast expansion of mortgage debt in which the supposed value (in fact, the prices) of the homes was the collateral behind the loans. But during the bubble, there was, based on classical economic theory, almost no way of seeing this. If prices reflected the true values of the houses being bought and sold (because this is what people were willing to pay for them), then how could one discern that the homes were overvalued? This is why so few economists saw the collapse coming. Prior to the crisis, say from 2005–2007, it appeared as if the economy was going great: everybody was making money, millions of people were buying houses, and the rest of us were being pressured to do likewise, since buying a house was, we were told, a good investment. The only way it was possible to tell that something was amiss was to compare home prices with the prices of commodities produced in other sectors of the economy and to recognize that home prices were out of line, much higher than their historical averages. But only a handful of bourgeois economists noticed this (or thought it was significant), and none of the other economists, let alone our business and political “leaders,” paid any attention to them.

The only challenge to bourgeois economic theory over the last 150 years that has had any credence within the economics profession as a whole (I am excluding Marxist analyses here) is the theory of the British economist, John Maynard Keynes. And even Keynesianism accepts the fundamental definitions and axioms of mainstream economic theory. It merely attempts to assimilate to these the palpable facts of the Great Depression of the 1930s. In contrast to prior, “classical,” economic theory, which insisted that the market, if left to itself, would allow the economy to reach equilibrium at full employment (leaving aside “frictional unemployment,” that is, a relatively small number of people out of work because they are looking for, and will soon find, jobs), Keynes argued that there are certain circumstances under which the economy would find itself in equilibrium at less than full employment, in other words, with substantial and long-term unemployment. He saw this situation as resulting from “insufficient effective demand”—not enough people with both the money and the desire to buy commodities on the market—without seeking further explanation. If and when the economy slides into this situation, Keynes insisted, it is the responsibility of the government to provide a boost to the system by stoking this demand through increasing government spending and cutting taxes, with the government going into deficit (paying out more than it takes in) if it has to.

Keynesianism was the dominant variant of bourgeois economics for 35 years after World War II. All the top economists, particularly those involved in formulating government policy, were Keynesians. During this time, however, there was an undercurrent of opposition, primarily based in such academic institutions as the University of Chicago, under the leadership of Milton Friedman and others. They argued for a return to “pure” classical economic theory and based their explanations of such market malfunctions as depressions and recessions on errors in monetary policy, in how the money supply is manipulated by the central banking authorities, such as the Federal Reserve Bank. They argued, in a nutshell, that speculative bubbles and the resulting crises, and recessions in general, were caused by monetary authorities being too expansive in

monetary policy during economic upturns. If, on the contrary, the central banks kept a careful rein on the supply of money, letting it increase only very slowly, the economy would steadily expand and there would be no economic crises. These “free-market” conservatives also insisted that, on the whole, government regulation, another part of the Keynesians’ arsenal, did more harm than good. In short, these pundits claimed, if the market and industry were left to themselves, everything would be fine.

This argument received a significant boost during the 1970s when the US economy experienced “stagflation” (a combination of economic stagnation and inflation), which was perceived to be the result of 25 years of Keynesian policy. And it became the mainstream economic ideology of the US ruling class during the Reagan presidency and in succeeding administrations, Republican and Democrat alike. Today, under the impact of the recent crisis, this orthodoxy has come under attack, and several key figures among the “free-market” economists have jumped ship and announced that they are now Keynesians. But, as I have suggested, even Keynesianism, based as it is on the classical assumptions about “economic man” and the market and a corresponding inability to formulate a realistic conception of how the economy is structured and how it actually works, does not, and cannot, offer a serious solution to the problems of bourgeois economics. Moreover, the proponents of economic orthodoxy—those who are more concerned about the budget deficit than the possibility of the economy slipping back into recession—seem to be gaining the upper hand, particularly in Europe, but also in the United States.

As a result of all this, the ruling class hardly knows what has hit it and what’s likely to happen down the road. They are pathetically feeling their way in the dark, somewhat like the proverbial blind men and the elephant.

## **POLITICAL CRISIS**

Not surprising given all the above, the ruling class is now in profound political disarray. This is apparent in the paralysis facing the federal government: as we all know, the country is a mess, but what has the federal government done to address its problems? Aside from throwing billions of dollars at the biggest banks and financial institutions to prevent the US (and global) economy from going over a cliff and providing some more billions in the so-called stimulus bill, it really hasn’t done very much. The reasons for this are several.

First, the economic elite—the chief executives of the biggest industrial, media, and financial institutions, and their largest individual shareholders, that is, the capitalist class, narrowly speaking—is not unified. There is no consensus among them about what has happened to the economy and what needs to be done. At the height of the crisis, when the chairman of the Federal Reserve Bank Ben Bernanke, then Secretary of the Treasury Henry Paulson, and then-head of the New York Federal Reserve Bank (and current Secretary of the Treasury) Timothy Geithner hastily cobbled together the bailout of the big banks and financial institutions, the business class was, very briefly, united. They all agreed that the bailout (and the subsequent rescue of General Motors and Chrysler) was necessary. But beyond that and since then, they have not reached an agreement about what should be done. In fact, they are now overwhelmingly concerned with protecting their own narrow interests vis-à-vis other sectors of the capitalist class and hoping that the political elite can take care of the rest. In the absence of such a consensus among the business elite to push the politicians, the federal government has been virtually immobile.



Second, President Barack Obama, for all his inspiring rhetoric, has provided little leadership, either to the ruling class or to the country as a whole. In his first year in office, he spent an unbelievable amount of time and squandered an enormous amount of political capital on ...what? Healthcare?! And, as I mentioned, for all the labor invested, the new law will make hardly a dent in the problems of our miserable healthcare system. Elected with what amounted to a mandate, and with millions of people believing him to be the Messiah, Obama could have brought huge numbers of people into the streets in support of some serious—that is, radical—measures to change US society in the interests of the vast majority of the people. But, as should be obvious now, he never intended any such thing. A mass mobilization could easily get out of control and threaten the economic, social, and political interests of the ruling class whose loyal stooge he is. (Quite predictably, he has also broken most—all?—of his campaign promises: the US facility in Guantanamo Bay has not been closed; “extraordinary rendition” has not been repudiated, “Don’t Ask, Don’t Tell” has not been rescinded; the war in Iraq is still going on and the administration is hedging about its promised withdrawal date; there has been no substantial push toward a new—green—energy policy; raids on factories and deportation of undocumented immigrants are up, etc., etc.) His campaign slogan—“Are you ready for change”—now seems like a pathetic joke. The evolution of Obama’s position on the environment is emblematic. The man who some had hoped would be the “environmental president” is now promulgating offshore drilling, clean coal (does it exist?) and nuclear power! We’ll see whether the catastrophic oil spill in the Gulf of Mexico and the two explosions in coal mines in West Virginia and Kentucky change his mind. Don’t count on it. Historically, the most capable and insightful leaders of the US capitalist class, such as Abraham Lincoln and Franklin D. Roosevelt, had the foresight to push through significant reforms against the will of the capitalist class itself, often relying on mass movements to do so. In contrast, Barack Obama can do no better than to capitulate to the capitalists’ current (not very high) level of consciousness.

With both the economic elite and President Obama forfeiting leadership, the political system has become even more sensitive to the emotions of the voters—and to opportunistic politicians pandering to them—than it usually is. The electorate is polarized, frightened, and very confused. The right wing of the political spectrum is panic-struck, convinced that President Barack Obama is a closet Communist (and Moslem) who is bent on destroying America, socializing the economy, and turning the country over to Blacks, Latinos, and homosexuals. On the other side, the liberals, more demoralized than anything else, keep waiting for their knight in shining armor to rescue them, hoping that Obama will turn into the radical leader they thought they had voted for, and scared to death of even thinking about organizing against him. In this situation, the politicians are more concerned with positioning themselves for the midterm elections in November than they are in addressing the problems facing the nation.

Insofar as there is a serious discussion going on within the ruling class, it is over the precise extent of government intervention in the economy, with, in general, liberals arguing for more intervention, conservatives for less. The problem is that there is no way to determine the precise amount of state involvement that is optimal for the economy at any given point in time. It cannot be defined theoretically or ideologically, which is usually how the debate is framed. Historically, it has been revealed that too little government intervention leaves the economy prone to its natural “boom and bust” pattern, often leading to financial panics and deep economic downturns. Too much government intervention, on the other hand, results in long-term stagnation, characterized by slow economic growth, smothering tax rates, and high unemployment. In fact, the

optimal level of government intervention can only be decided pragmatically, through trial and error, in reaction to the actual workings of the economy.

## TIME FOR A CHANGE

It should be clear by now that the US ruling class is unfit to lead the country. Economically clueless, politically inept, and morally bankrupt (too arrogant and too stupid to even think of hiding its monstrous greed), the elite has played out its historic role. Isn't it time we got rid of it? President Obama, in justifying the callous firing of the entire faculty of Central High School in Providence, Rhode Island, pompously pronounced, "There has to be some accountability." I agree, but let's start at the top. Let's fire all the political and economic leaders of the country. In fact, let's get rid of the entire ruling class. But clearly, this class is only a small part of the problem. Much more important is a social-economic system that gives rise to such an elite, sustains its power, and causes periodic economic crises, such as the one we've been experiencing. The fundamental problem is a system in which a tiny handful of people own and control most of the wealth and have all the power, a system under which economic activities only occur if they generate profits for investors, a system under which the ruling few get rich at the expense of the many, a system which only appears healthy when it is expanding at a rapid rate (and plundering the environment as it does so). That this is the reality is shown by the fact that the only way for the system to claw its way out of its current crisis is by squeezing the vast majority of people, lowering our living standards in an attempt to increase the profits of the big corporations and banks, and continuing to pollute the land, the water, and the air.

What we need now, more than ever, is a radical transformation of the United States, a mass revolution, to create a truly democratic, cooperative, and egalitarian society, a society actually run by and for the people. What is necessary is the drastic devolution of power away from the rich and powerful and toward the vast majority. This would amount to a real democratization of the country, instead of the sham democracy, the corrupt political system that mostly serves as a smokescreen for the rule of the rich, that we now have.

Unfortunately, such a transformation seems far away. Even the dream of it—even the vision of a mass revolutionary movement of any kind—appears to have died. In the 19<sup>th</sup> century, the great radical theorists, the socialists and anarchists, believed that the working people—workers and peasants—would eventually rise up against a brutal, corrupt, and unjust social system, in order to liberate themselves and establish true human freedom. While internationally (most noteworthy in Greece, where there exists a mass anarchist movement), the working class and other oppressed classes are mobilizing, in the United States, a radical workers' movement is virtually non-existent. The working class has few organizations, and those it has, such as the labor unions, are dominated by bureaucrats who have been in a coma for several decades as their own social base has been eroded beneath them. Having pinned their hopes on making deals with corporate leaders and supporting the Democratic Party for so long, they have no inkling of mobilizing the workers to fight for their interests. This is true even of the many socialists and other radicals who entered the unions years ago and have now risen to positions of local, regional, and even national leadership.

Yet, there are signs that things are starting to happen. In particular, there are considerable numbers of workers and other middle class and lower class people who are looking for answers.

They realize that they have no future in our society as it is now set up, and are open to, or have already accepted, the notion of a revolutionary transformation of society.

In this situation, it is the job of anarchists and other antiauthoritarian radicals to reach out to these people, to bring them into and to build a mass, working class anarchist movement. And for the first time in many decades, this is now possible. As we do this, anarchists need to make prominent what in the old socialist movement used to be called the “maximal program.” This is the explicit demand to overthrow the existing social system, the corrupt and crisis-ridden system of capitalism, and to replace it with a new, revolutionary one, radically democratic, cooperative, egalitarian. As a crucial part of this, anarchists need to emphasize that the way forward does not involve supporting one or another faction of the ruling class, but, on the contrary, explicitly counterposing a revolutionary program to all sections of the capitalist class. This means explaining to people that the liberals, including and in particular President Barack Obama, are not our allies; they are our enemies. Insofar as these capitalist liberals want change, they only seek it to protect the system as it is, not to radically alter (let alone to overthrow) it. And it means explaining that the entire capitalist electoral system is a dead-end, a trap that works to prevent the emergence of a radical alternative to the current system. What is needed is not mobilizing in support of one or another corrupt, lying capitalist politician or political party, but a campaign of direct action—including demonstrations, sit-ins, and mass strikes—to fight for our needs and our ultimate goal.

In short, whatever else they are doing, anarchists have a key task—to raise the banner of a revolutionary libertarian transformation of society: Spread the word about the possibility of another way of doing things, an alternative way of running the country and the world.

## PART II

In last year's issue of *The Utopian*, I wrote about the leadership crisis plaguing the ruling class of the United States. My article discussed the fact that although the US was faced with dire economic and social problems, the ruling class – the tiny, extremely wealthy elite that controls the country's economic, social, and political institutions – was incapable of making the political decisions necessary to address those issues. While the leadership crisis may not have been obvious last summer, it has become blazingly clear since then.

It is worth reviewing some of the issues confronting the US capitalist class.

### INTERNATIONAL CRISIS...

On the international front, the decline of US imperialism is accelerating. This has been revealed in the popular revolts in North Africa and the Middle East that occurred earlier this year (and which are still going on) and the US response to them. Despite the fact that the uprisings were launched in the name of US-style democracy, the United States was caught flatfooted by the events and to this day has not come up with a workable policy to deal with them. In a nutshell, the US ruling class has been caught between its claims to stand for (bourgeois) democracy – rule by the people, political and human rights for all – and its actual support and financing of whatever corrupt, reactionary elites, cliques, and dictators have been committed to pacifying the area and defending US interests. US policy toward the revolts, as articulated by the administration of president Barack Obama, has been essentially to hedge its bets, giving tepid rhetorical support to the rebels while continuing to back the US's stooges, at least until the point where such support has no longer been feasible. (The only country toward which the US has pursued a more decisive policy has been Libya, and even there, it is its European allies that have borne the brunt of the intervention.) While the US elite has managed to emerge from the events with its prestige reasonably intact (largely because of the naivete of the rebellious peoples), it has made its clients suspicious of its commitment to them. As a result, these regimes are now edging away from the US and looking for other sources of support. The net result of Obama's mealy-mouthed policy has been that US domination of the area is far less secure than it used to be.

Even more telling is the aggravation of hostility between the US capitalists and the ruling class of Pakistan. Over the past 15 years, relations between the two classes have not been without problems. A significant sector of the Pakistani elite, centered in the armed forces and especially in the ISI, the Inter-Services Intelligence agency, has been covertly hostile to the US. This group is angry at what it perceives as the US's tilt toward Pakistan's arch-rival, the much larger and more economically dynamic India, resentful of the US drone attacks on Pakistani territory, which have killed significant numbers of civilians, distrustful of US power in the region generally, and concerned to align itself with the antiUS/anti-Western sentiment common among much of the Pakistani population. As a result, it has pretended to support the US effort in Afghanistan, even periodically engaging in military efforts against Taliban insurgents in its own territory, while

secretly aiding the Taliban, in hopes of ensuring a friendly country in its rear in the event of a collapse of the Karzai government in Afghanistan and escalating hostilities with India. For its part, the US ruling class, while fully aware of the ambivalence of the Pakistani elite, has been anxious to preserve Pakistan as an ally in both the war in Afghanistan and the “War on Terror.” Thus, for their own reasons, the US and the Pakistani ruling classes have agreed to cooperate in the effort to obscure the problematic relations between the two countries.

Unfortunately for the US, the assassination of Al Qaeda leader Osama Bin Laden this past spring has exposed the charade. Although the ruling class, the mass media, and (unfortunately) much of the rest of the country saw the assassination as a great victory, it was actually a reflection of US weakness. Aside from the fact that it took ten years to find the guy, it was revealing that he was living, not in the rugged and sparsely-populated mountains between Afghanistan and Pakistan, where he was assumed to be, but in a suburban area of the US’s supposed ally. It is also hard to believe that the Pakistani elite, or at least the military leadership, did not know exactly where Bin Laden was and suggestive that they did not reveal this information to the US. Moreover, the fact that the Obama administration (correctly, as it turned out) did not trust the Pakistani government with advance warning of its assassination plans, let alone propose to carry out a joint operation, suggests the true nature of “US-Pakistani” friendship. But what’s the US elite going to do? As long as it is waging war in Afghanistan, it needs Pakistan (it certainly can’t rely on the Iranians or the Russians) as a staging ground for its operations, as a storage depot for its supplies, and as an at least nominally friendly state in the area. In contrast, the Pakistani elite clearly senses the desperation of the US position, while realizing that it can now look toward the ever more powerful China, which has its own long-standing animus toward India, as a counterweight to the US.

Equally if not more important, the US’s deteriorating position in Afghanistan clearly demonstrates that its empire is crumbling. Although the Obama administration, the CIA, and the military claim that they have significantly weakened Al Qaeda and put the Taliban on the defensive, the reality is that the US has lost the war. As Vietnam showed, all that an anti-imperialist insurgency needs to do to win is to survive. After ten years of conflict, with no clear victory in sight, the US population is tired of the whole thing; it has cost way too many lives and much too much money, at a time when millions of people are suffering at home. And since there has been no major “terrorist” attack since September 11, 2001, few people believe the war in Afghanistan is vital to US security. Not least, almost everybody realizes that the weakened US economy cannot afford to continue the intervention, let alone to send in enough troops to gain a decisive victory. As a result, US withdrawal Leadership Crisis<sup>8</sup> (however it is carried out) is the order of the day, and it is extremely unlikely that the corrupt and incompetent government of Hamid Karzai will be able to get itself together to defeat the Taliban. Even if negotiations between the warring parties do occur, even if some kind of coalition government is established, and even if the de facto civil war in the country is brought to a close, the result will not be the decisive defeat of the Taliban and the establishment of a stable, pro-US government in the area. It is typical of Obama’s timidity and opportunism that he is drawing out the withdrawal as long as possible, most likely to avoid giving the Republicans a point of attack during the accelerating presidential campaign. (How many additional lives, Afghani and American alike, will be lost because of this cynical maneuver?!)

## **DOMESTIC CRISIS...**

Domestically, the most obvious problem confronting the US ruling class (and the rest of us) is a floundering economic system. Although a recovery began in early 2009, the economy is still limping along and unemployment remains devastatingly high (over 9% officially, closer to 20% if those who have given up looking for work, those who are involuntarily working part-time, and those who are employed in jobs beneath their skill levels are included). The banks and corporations, the major beneficiaries of capitalist “welfare” programs, have been making record profits and are loaded with cash. But instead of hiring more workers, they are rationalizing their production and administrative processes and forcing their existing employees to work harder and longer for less money. This refusal to hire more workers is the main reason the economy is stalled. Meanwhile, the “consumer,” responsible for roughly 70% of the country’s Gross Domestic Product, has not been spending. Given the numbers of people unemployed, homeowners who are “underwater” (owing more on their homes than they are currently worth), other people who are overextended on other types of debt, and those who might be willing to spend if they could get credit from the banks, this is no surprise. Meanwhile, the Obama administration’s “stimulus package” has reached the end of its life, while the Federal Reserve Bank has indicated that it will not renew its program of “Quantitative Easing,” which aimed at expanding the money supply and keeping interest rates low by buying up long-term government securities. In any case, it is not clear what continuing the policy would do since interest rates can hardly get any lower. Although some liberal voices, such as those of economist Paul Krugman and the *New York Times*, have been pleading for another, even larger, stimulus package to encourage more consumer spending (and dealing with the deficit later), the size of the existing debt (\$14.3 trillion) and deficit and the current constellation of political forces make this impossible. The economic sector that drove the economic expansion of 2001–2007, residential housing, is incapable of reprising that role, since it is still deeply depressed. And given the existing economic situation – the joblessness, private indebtedness, glut of homes, continuing foreclosures, the banks’ fear of lending – this is not going to change soon. Hanging over the entire economic picture is a psychological factor – nobody has confidence in the future – and this, too, is not going to change, at least until there is a break in the logjam that is the present state of US politics.

Beyond the short-term difficulties of the economy are the larger, long-term ones: the problems facing Medicare and Medicaid, and, further down the road, Social Security; the profoundly decaying infrastructure; and the already mentioned government deficit and accumulated debt.

## **POLITICAL CRISIS...**

But in fact the biggest problem facing the US ruling class is the political crisis in Washington, the stalemate between congressional Democrats and Republicans that is preventing the federal government and the ruling class as a whole from doing anything to address the economic and social problems of the country.

This standoff is, to a considerable degree, the result of the nature of the political system under which the nation operates. This system, carefully crafted by the “Founding Fathers” and historically evolved since then, offers many advantages to the ruling class. For one thing, it obscures the fact that there is a ruling class, spreading the myth instead that it is the “American people”

who really rule, and allowing the elite to evade its responsibility for the problems the country might face. Republicans blame Democrats, Democrats blame Republicans, and very few people realize who is really responsible. The system also encourages the direct and indirect participation in bourgeois politics of significant sectors of the middle class and more prosperous layers of the working class. Such participation and the nature of the system itself encourage the notion (the delusion, as I see it) that significant social change is possible through the “democratic process.” In this way, large numbers of people “buy in” to the system and are thereby dissuaded from considering radical, let alone revolutionary, thoughts and actions. In addition, the political system offers the ruling class a means by which to recruit promising members of the population (mostly from the upper layers of the middle class but not exclusively so) into the political leadership and, through this, into the ruling class as a whole. (We are seeing this process at work in the case of the Obama family.) In times of militant mass struggle, this openness to new talent offers the class a way to buy off radical leaders, rendering the movements less radical and less effective. Finally, the system offers the ruling class a way to thrash out its political differences – different economic interests, different conceptions of where the country should be headed, different ideologies – in a way that does not (usually) threaten the stability and prosperity of the country.

Yet, these advantages of bourgeois democracy come with notable disadvantages. Most important, they mean that the ruling class does not control the state as directly and as tightly as it might want. At most times, the rulers’ hegemony is secure: through their control of the mass media, the military, the government bureaucracy, and the educational system; through their financing of political campaigns (as well as the fact that many, if not most, of the politicians are themselves members of the ruling class); through their role as purchasers of the government debt; and through the palpable fact that maintaining the health and profitability of the biggest corporations and banks is essential to the prosperity of the entire country. Yet, there are times when the rulers’ lack of direct control poses serious problems. We are now in such a situation.

As I write this (July 2011), Republicans are holding Congress and the rest of the country hostage to their refusal to raise the debt ceiling of the federal government and to consider any tax increases whatsoever (even closing huge tax loopholes and eliminating outright giveaways and subsidies to corporate entities), and their insistence that the entire budget deficit be closed immediately by gutting government programs for working class and middle class people. Although the obviously pro-corporate/anti-working class nature of this stance might suggest that it is coming from the ruling class as a whole, I do not believe this the case. As I see it, the vast majority of the elite knows full well that the Republican position is a disaster, both for themselves as individuals and for the country as a whole. They know that the results of not raising the debt ceiling are likely to be catastrophic. Such a move would represent the US government defaulting on its debt. If that were to occur, much of the federal government would immediately shut down (e.g., Social Security, unemployment insurance, and disability checks would not be issued, military personnel would not be paid), while interest rates on US securities would skyrocket and the value of these securities would collapse. Taken together, these developments would plunge the US economy into another 2008/2009-style recession. And given the role of the US dollar as the de facto global currency and the fact that trillions of dollars are held as assets by governments and private investors (including pension funds), a default would drastically depreciate those assets overnight and hurl the entire world economy into another Great Depression, if not something worse. The vast majority of the ruling class also realize that the congressional Republicans’ demand that the federal budget be balanced immediately and that it be done entirely through slashing programs

directed toward working and middle-class people is neither politically wise nor economically viable. And they are definitely not for eliminating Medicare, Medicaid, and Social Security and smashing the unions (some of the other central planks of the current Republican program), since they recognize that these institutions are essential to the long-term economic health and political stability of the country.

That the entire ruling class does not support the current Republican stance on the debt ceiling and the budget is suggested by the number of significant Republican figures, including some with long-standing conservative credentials, who have gone public to attack the current Republican position. These include: former chairman of the Federal Reserve Bank, Alan Greenspan; former Republican senator from New Mexico, Pete Domenici; former Republican senator from Wyoming and co-chairman of Obama's bi-partisan fiscal commission, Alan Simpson; two important figures of the the Republican administrations of Ronald Reagan, David Stockman and Bruce Bartlett; and most recently, Al Hoffman, co-chairman of George W. Bush's campaign committees and former chairman of the Republican National Committee. This opposition to the Republican stance suggests that there is a political consensus among the majority of the ruling class, but it is one that, at this juncture, the congressional Republicans and the Republican Party as a whole do not share.

This consensus can be briefly described as follows:

Although most members of the elite do not fully understand the historical roots of the economic crisis and the extent of the problems facing the country, they do recognize that the nation is in trouble and that something substantial needs to be done. They also agree that the economic crisis and the longstanding social problems of the nation should be solved primarily at the expense of working class and middle class people and should not involve any risk to the system as a whole or to their own wealth and power. In other words, they agree that the working class and middle class should bear the brunt of the sacrifices needed to save the system and return it to prosperity. This means lowering real wages, weakening the unions, cutting government programs directed toward workers and middle class people (including Medicare, Medicaid, and Social Security), reducing the debt, both public and private, and taking significant steps to close the budget deficit. They also believe that to do this, taxes need to be raised on everybody, including the rich, that is, the members of the elite themselves. Although some commentators call this "equality of sacrifice," this expression is a joke. The ruling class knows full well that higher taxes on working class and middle class people entail substantial cuts in their expenditures on necessities (food, clothing, shelter, medical care, education, savings for retirement), while tax increases on the rich will, at most, make a slight dent in their discretionary spending, that is, their spending on luxuries, and one they can easily afford. They also understand that raising their own taxes (marginally) and calling this "equality of sacrifice" make raising taxes on, and cutting social programs for, working class and middle class people politically more palatable.

## **REASONS FOR THE CRISIS**

If such a consensus exists, then why is the federal government incapable of acting? There are several reasons.

(1) The consensus among the ruling class is not total. A section of that class, its extreme right wing, wants to take advantage of the current conjuncture to push through a drastic restructuring



of the economic system of the country. Although it is usual among liberal commentators to attribute the right-wing program to hypocrisy, self-interest, and greed (and there is certainly plenty of this at work), at bottom, it represents a consistent, though extreme, ideological position. This position bases itself on the theoretical proposition that the “free market,” in other words, unfettered corporate capitalism, functions best and most efficiently when it is left entirely to itself, and that all the economic problems that have beset the country since the 1930s have been the result of interference, government and otherwise, in the unrestricted workings of the system. As a result, the right-wing outlook calls for the elimination of virtually all of the social programs currently carried out by the federal government, including and in particular Social Security, Medicare and Medicaid, unemployment benefits, government-funded job training programs, the Veterans Administration (although the ideology’s proponents take care not to mention this), and the public school system, along with the destruction of the country’s labor movement. Although this general ideological position was shared by much of the ruling class during the 1930s, when they opposed Franklin D. Roosevelt’s New Deal, in the post-World War II period, the majority of the class came to accept New Deal-style policies and programs and to understand their role in stabilizing the system, both economically and politically. Yet, there has always been a section of the elite, centered around independent oilmen in Texas and elsewhere, high-level military officers (active and retired), and, more recently, owners of the conservative media (e.g., Fox Broadcasting) that has remained staunchly committed to the right-wing program.

(2) By themselves, this sector of the elite would represent little threat to the country, but their influence has been greatly augmented by the emergence of the Tea Party movement, which they have largely financed and which has, in effect, captured the Republican party. The Tea Party Movement can best be understood as a quasi- or proto-fascist movement, one that shares many, but not all, of the characteristics of the classic European fascist movements of the 1920s and 30s. The movement, as I indicated above, has been largely financed by the extreme right-wing faction of the ruling class. It is based primarily on sectors of the white middle class, small business people, and white workers, whose economic positions have been threatened by the recent economic crisis and whose sense of superiority has been challenged by the social and cultural changes that have occurred in the US since the 1960s and are still going on today, primarily the struggles for economic, political, and social equality of African-Americans, Latinos, women, and homosexuals. The Tea Party Movement is racist and sexist, although not explicitly so, and seeks to turn back the clock on the political and social rights won by the aforementioned groups and to turn the nation into a white Christian country. The movement is also deeply nationalist, anti-immigrant, and anti-intellectual, and largely, although secretly, armed. Finally, the Tea Party Movement seeks to mobilize deeply frightened people around what is actually a pro-capitalist program while directing their attention and anger away from the ruling elite and the capitalist system as a whole and attempting to convince them that their enemies are the federal government (particularly Barack Obama), the Democratic Party and liberals generally, the mass media, the unions, non-Christians, and non-white citizens and immigrants.

The Tea Party Movement is the latest embodiment of the mass conservative movement that has grown steadily since the political realignment that began during the election and administration of Republican president Richard M. Nixon in the late 1960s–early 1970s. Greatly stimulated by the economic crisis of the past few years and by the election of the first African-American president of the United States, the movement saw a qualitative increase in its political power and social relevance as a result of the congressional elections last November that saw the emergence of a

Republican Party majority in the House of Representatives and the gain of a substantial number of seats in the Senate. This victory, and the implied victory of the rightwing faction of the ruling class whose stalking horse it is, cast the movement into its current position as blackmailer of the nation, holding the country hostage to its reactionary program.

(3)The third reason for the stalemate paralyzing the federal government has been the weak, ineffectual leadership provided by the Democratic Party as a whole, and by president Obama in particular. Although he was elected by a significant majority of the voters, many of whom were expecting and anxious to be mobilized to fight for a program of substantial “progressive” reforms, Obama has systematically refused to act on his mandate and instead has positioned himself as a mediator between liberals and conservatives. Concretely, instead of proposing and organizing for a serious program to create jobs, one entailing substantial public works projects to rebuild the nation’s infrastructure, he wasted his political capital on a “stimulus package” that was both tepid and in fact another example of “pork barrel” politics and a health-care reform bill that did little to address anybody’s health needs but did succeed in scaring a lot of people with its mandate that the uninsured be required to purchase medical insurance, whether they can afford it or not. The result of Obama’s centrism and the conservatives’ refusal to play ball has been to hobble and demoralize Obama’s most resolute supporters, alienate independent voters who might have responded to strong leadership, and render the conservative movement even more self-confident and aggressive. This political dynamic was played out in last November’s elections. It also enabled the more extreme elements among the conservatives to increase their hold on the Republican Party, so much so that individual Republicans in Congress who might be willing to compromise on raising the debt-ceiling and negotiating a budget deal are terrified to even appear to be considering to do so.

It is also worth noting that Obama has said and done nothing while Republican governors and legislators in Wisconsin, Michigan, Ohio, New Jersey, and elsewhere have engaged in the most aggressive union-busting campaign seen in this country in many decades. If anything, Obama and his secretary of education, Arne Duncan, set the stage for this assault by their continual blaming of the teachers’ unions for the long-standing problems of the country’s public school system.

Obama’s latest ploy is a continuation of his overall approach: to appear to be reasonable (and offering to give away the store, that is agreeing to massive cuts in needed social programs) while trying to maneuver the Republicans into either negotiating a deal or appearing to be the ones responsible for the failure to reach one and the consequences of such a failure. This may succeed in finding a way out of the current impasse. It may also play well in next year’s elections. But it will do little to help the country in the long term and do nothing to help the poor, middle class, and working class people who rely on the programs that are likely to be slashed as a result of any deal that comes out of the political process.

## **LESSONS OF THE CRISIS**

As of this writing, a solution to the stalemate seems likely to be found. This is because the Republican congressional leadership appears (finally!) to have recognized that forcing a government default would be good neither for the country nor for the future of the Republican Party, since it would be blamed for the disaster. The big obstacle now is convincing the Republican rank and file

in the House of Representatives that, contrary to the party's propaganda for the last six months, defaulting on the debt would be a "big deal" and that they need to compromise on the budget. How the Republican leadership accomplishes this will be interesting to watch. That they need to do so shows just how far the Republicans have overreached. Seriously misreading the results of last November's elections, they assumed that the independents who voted for them accepted the more extreme aspects of their program. But this was not so. Whatever the reasons these voters cast their ballots for Republicans, they did not think they were voting to prevent the rich from being taxed, disband Medicare, smash the public employees' unions, throw the country back into recession, and cause a global depression.

This entire situation shows, once again, that relying on the political process and on the Democratic Party to fight for our interests is a fatal mistake. To be sure, the Democrats are better than the Republicans, but they, no less than the Republicans, represent the ruling class. They – all of them – are our enemies. To continue playing the shell game that is US politics is to continue to accept full-scale attacks on our living standards and our rights without fighting back. Isn't it time to wake up?

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Introduction published in *The Utopian*, Vol. 6. Part I published in *The Utopian*, Vol. 9. Part II  
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