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The Triple Crises in the U.S.

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The concept 'crises' has been overused and abused by writers on the left -- especially with regard to the capitalist economy. One result is that when a real crises emerges -- it is not taken seriously. The US political and economic system today is in serious crises -- a triple crises affecting its biggest multinational corporations and therefore the economy, a political crises affecting the state in its relationship to internal security, and external belligerency, and a crises of the political system that not only fails to represent the electorate but is incapable of responding to the political and economic crises.

The economic crises, referred to in the financial press as the "crises of corporate governance", involves multi-billion dollar fraud by many of the biggest energy, oil, media companies, investment banks, accounting firms and mega-conglomerates in the US and in the world. The names are familiar -- Credit Suisse First Boston, ENRON, El Paso Oil, Merrill Lynch, Xerox, Adelpha, Tyco, Worldcom, Dynergy, Southeby and dozens of other banks and firms. The number of pensioners, employees and investors who have lost their savings number in the tens of millions.

The chief executive of Goldman Sachs, Henry Paulson, a financial leader on Wall Street declared that US corporations are in a "position of low repute not seen in my lifetime." According to the *Financial Times* and the *Wall Street Journal*, the problem is "corporate greed" and "loss of investor trust".

The real problem is not just individual greed, but the entire deregulation of the banking and corporate sectors and the speculative nature of the US economy. The problem is systematic: the concentration of economic power and the corporate control over the political system mean that CEO's design the legislation and write the rules which allow them a free hand to commit large scale fraud and take huge short-term profits -- before their companies collapse. The case of ENRON and El Paso Oil and their dominant role in shaping the Bush-Cheney energy policy is emblematic of the symbiotic relationship, just as Clinton's ties to Wall Street led to the deregulation of financial and banking sectors.

The systematic consequences of large scale and all pervasive fraud has been the de-legitimation of the big investment banks among investors and a massive decline in foreign investment in the US. From January to February 2001, \$78 billion flowed in to the US, during the same two months in 2002 only \$14.6 billion of foreign funds were invested in US stocks and bonds. The decline of foreign flows has substantially weakened the dollar. It threatens to push the US external accounts deficit to crises levels, forcing a major retrenchment in imports and living standards. The precipitous decline in foreign investment in the US is because investors no longer trust corporate reports on profits, and particularly, no longer trust US auditors' reports and US CEO's. The result is that the stock market has declined, stock losses in 2002 continue for the third straight year, big corporate bankruptcies are on the rise, while profits decline -- truly an economic crises.

The political crises is deeply embedded in the larger political context of the events preceding and following 9/11. The revelations of Washington's prior knowledge of a terrorist plot to hijack airplanes in the US -- including warnings of an attack on public and private buildings -- has raised fundamental questions. The official version of the Bush Administration, State Department, CIA/FBI and the Congressional Democrats is that there was a "failure of intelligence" -- individual bureaucrats failed to act, the bureaucracy was not "efficient" or was "understaffed".

Among most critical intellectuals, journalists and experts on intelligence, the official explanations fail to deal with several important discrepancies. First of all, Condoleezza Rice, the National Security Adviser, publically stated that during the summer of 2001 the Bush Administration believed the "al Qaeda might hijack an aircraft and use it to bargain for the release of prisoners -- I don't think anyone could have predicted that these people would take an airplane and slam it into the World Trade Center." (*Financial Times* 5/18-19 2002, p.6) Rice admitted that "We only expected a traditional hijacking." The Bush Administration ignored warnings from France, Egypt, Israel, England that a terrorist action was imminent; it ignored warnings from FBI agents in Arizona and Minnesota of possible airplane hijackings by terrorists training as airline pilots, and it ignored a CIA briefing to President Bush on August 6, 2001 stating that al Qaeda was planning a hijacking.

Most observers believe that with so many warnings converging from so many responsible sources to high level Bush officials, according to Condoleezza Rice, there is another explanation: that the Bush / Cheney / Rumsfeld regime was prepared to allow a "traditional" hijacking to take place -- in order to exploit it for both narrow and global political interests. They did not suspect that the terrorists would attack the WTC and the Pentagon.

Several other issues raise suspicion that high officials in the Bush Administration were involved in facilitating the hijackings: the terrorist leaders had multiple entry visas -- not easy to obtain for ordinary tourists. The terrorists functioned openly -- entering flight schools, and even seeking U.S. Department of Agriculture loans to buy "crop-duster" airplanes. Thirdly many received their visas from Saudi Arabia, where a former US Consul official has stated that many visas were issued under pressure from the CIA -- probably to recruits for US-sponsored Islamist wars in Bosnia, Kosova, Chechnya and Central Asia. There is a good possibility that at least some of the terrorists were 'double agents' -- one reason for the so-called "intelligence failures" and the refusal after 9/11 to reveal prior knowledge.

There is a large body of historical studies on US foreign policy which demonstrates that Washington "manufactures crises" to justify war. The examples range from the "bombing of the Maine" as a prelude to the US-Spanish-Cuban War, to Roosevelt's foreknowledge of Pearl Harbor, to President Johnson's infamous "Tonkin Incident" during the Vietnam War, to Bush father's invention of the Iraqi destruction of infant incubators in Kuwait. In each case the President declared an "unprovoked attack" and mobilized the public for large scale warfare of conquest and colonization. In the case of the US war in Afghanistan, it is on public record that on September 10 2001, the Bush Administration had prepared a plan to attack the Taliban and al Qaeda -- which it fully implemented after September 11.

The manufacture and use of provocations has a long and ignoble history in US, European and Japanese expansion -- as Mexicans can painfully recall from the frequent invasions and annexations justified on the grounds of eliminating "terrorist bandits".

War had been an essential instrument of empire building for the last four US presidents. President Reagan's successful wars against Grenada and Panama contributed to his popularity, weakened the 'Vietnam Syndrome' and allowed his regime to reverse progressive social legislation. This pattern was repeated and extended by Bush (father) in the US war against Iraq -- the military victory led to the proclamation of a 'New World Order' based on Washington's supremacy. Clinton's war against Yugoslavia and the continuation of the bombing of Iraq was accompanied by the total deregulation of the economy, the savaging of the remnants of the welfare program, and the information technology, bio-tech, fiber optics speculative bubble. Bush (son) as a minority president, elected through voter fraud in Florida used the Afghan war to increase public backing, vastly expanded military and secret police budgets and powers, to subsidize big business and vastly increase US political and military empire throughout Asia, Latin America and the former Soviet Union. The initial terrorist act, and the cover-up of US involvement, has led to serious decline in democratic freedoms and the constant threat of new terrorist plots to increase police state intervention in all aspects of civil society.

Both the admissions of "mistakes" by the Bush administration and the Congressional critics' charges of "incompetence" has served the police-military apparatus very well. "Home defense" -- extended police powers and personnel received an additional \$37 billion dollars, on top of the original \$29 billion dollars. The newly created Department of Homeland Security will have 170,000 agents and staff.

As State spending on the police and military skyrockets, private investors are pushed aside, budget deficits soar, foreign investors turn to more lucrative sites and the US economy destabilizes. While the empire expands -- the domestic political and economic system weakens and the dollar plunges.

There are no corrective mechanisms in sight. Unlike previous epochs when large scale corporate-banking scandals occurred, major reforms were implemented. Today there is neither a popular reform movement nor congressional opposition. The *Financial Times* states, it is "politics as usual". The reason for the lack of a corporate reform movement is that the same corrupt banks and corporations -- like ENRON, Merrill Lynch etc -- contribute and finance both political parties.

Washington's cover-up of its linkages leading to 9/11 is related to their cover-up in the Anthrax attacks. Leading journalists and micro-biologists have identified the US military research laboratory at Fort Detrick, Maryland as the source and even have identified two US micro-biologists as likely suspects. The FBI has refused to act. The reason is that the scientists were engaged in weaponizing Anthrax and other chemical and biological agents -- work which violates the Chemical and Biological Treaty of 1991. No Congressional investigation. No mass media exposé. No public outcry. The triple crises deepens, the apologists for the empire brush off systemic critics as "conspiracy theorists" -- but the critical intellectuals continue to prod the public conscience, hoping for a revival and renewal of democratic politics.

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- *Politics and Social Forces in Chilean Development* (University of California Press, 1969).

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