

# **Toward a Much Better USA**

**Doug Dowd**

## **A Brief Prefatory Bio**

As you read through this you may wonder who is this guy whose trying to tell us what has to be done about what's going on? For all it's worth — which may be little or nothing — here goes. I am in my 90s, have been teaching and writing economics and economic history since 1949, and since the mid-1930s I have been engaged in reform politics, whether in the deep South in the early 1960s or anti-war, or elections, dealing with all manner of injustice.

My teaching began in UC Berkeley, went from there to Cornell in New York, and back to Berkeley. In 1965 I first taught in Italy (a main focus of my European history) and since the early 1980s I have been teaching there half of every year up through 2011, when I resigned before I would have to be carried out. In my politics I have always been left of center, but have done what I could to work on the issues with others on a broad range of struggles, regardless of their political identities, whether the issue was racism in the South, unemployment and against big business in the USA, or our wars. I sought to join the anti-fascists in Spain in the 1930s and was turned down as being “too innocent.”

I was a pilot in World War II, serving more than three years in New Guinea and the Philippines, and was in a hospital there when the war ended. I have not been radical enough for some of those with whom I have worked, and too radical for others: but we have worked together anyway. I have been a

strong critic of capitalism since the 1930s, and democratic socialism is my ideal. However, I do not believe we can move seriously in that direction in the USA unless and until we have had worked together in mass movements with people who have the will and the energy to move from socialism-for-the-rich capitalism (with feudalism for the poor) to an increasingly democratically controlled capitalism.

## **Introduction**

As most who receive this will know, In 2011 I wrote half a dozen articles about how difficult economic and social life has been and is now worsening for all too many in the USA, and how and why it is likely to worsen more if we don't get to work politically to insure that the GOP doesn't win the elections. In Obama's first campaign I did some work for him, but like most who will read this I have been upset with his conservatism and his militarism. Nonetheless, I will support him in this year's election — considering the much worse alternative. We can and must insist, however, that he join us in working clearly on the side of the people and against big business and our wars. That may seem an impossible task, but it also seemed so when Roosevelt in his first years also bowed to Wall St. Our anger and threats made him become the liberal FDR he was when he died.

What follows will be concerned with what we must also do *after* the 2012 election, no matter who wins. We must continue our support and participation in our local "Occupies," but it is vital that we also work to create a permanent *national* political movement; we must develop and participate in always stronger political struggles and support only those in government who work for social decency at home and peace abroad. First, a

brief look at the national antiwar movement created of the mid-1960s (which was allowed to fade away as the 1970s began)...

A small group of 25-to-30 representing diverse reformist organizations met to discuss the creation of a movement to end the war in Vietnam. We were men and women, liberals, socialists, and communists, priests and atheists, young and old. We met over several days with predictable differences, but when our discussions ended we had created the “Mobe” (Mobilization to End the War in Vietnam): In the following decade the Mobe came to represent *more than two hundred groups*. We had many differences in our aims, but we were all against *wars*. Our good consequences were many; here a few of them:

- 1) Almost all of the 200 increased their own memberships and strengths.
- 2) The Mobe worked always more effectively against the war with numberless demonstrations in Washington, D.C., and elsewhere, with hundreds of thousands of participants).
- 3) A few of us were invited to go to North Vietnam. While there we met with its leader, who said that the USA could not win without using atomic bombs and that our movement was making that horror virtually impossible. Our movement continued, atomic bombs weren't used, and a few years later our big shots in Saigon were being picked up from the tops of roofs.

## **Our Lopsided Economy and Our Endless Wars**

Throughout its history, except for a few years in the 1930s and for a short while after World War II, the U.S. economy has been ruled over easily and

entirely by those who have owned and controlled agriculture, trade, industry, and finance. As the 19<sup>th</sup> century went on, agriculture gave way to industry, and since the 1970s industry has given way to Wall Street, which now dominates both the economy and our politics. Along the way, the U.S. economy has undergone at least two related developments that — along with politics — must be reversed:

1. An emphasis and involvement in aggressive international operations
2. The domination of finance by speculation, making Wall Street and the USA into an brutal gambling casino in which “We the People” are the losers

Beginning in the last half of the 19<sup>th</sup> century and increasingly from the 1920s into the 1960s, the USA become the global center of economic strength. Then, as the 1970s took hold, we began our trip toward becoming history’s largest importer and borrower: transformed from being owed by all to owing six *trillion* to some. Along the way almost all of us in the USA lurched into pernicious debt. Put together, those developments — and the bought and paid for politics accompanying them — guaranteed that the USA would ultimately sink into crisis both at home and abroad. We are now only in the first stages of that crisis, but it is all too likely to outdo that of the 1930s. In recent years some of the world economy has recklessly gained from U.S. behavior; but lenders will soon find that they will never get back what is owed them — and that the source of their high profits was taking the globe to disaster.

Here a brief summary of the socio-economic dangers on their way and what we must do politically to prevent them from continuing toward social suicide. Then we will discuss how and why the “Occupy” movement must

become broader and deeper — nationalized — and why we must make continuous efforts to move toward democratization of the economy if we are not to have an authoritarian society. True democratization in the USA may sound impossible, but such an achievement has been well on its way in parts of Europe; most clearly in Denmark and Finland (both of which had been in the fascist grip before World War II). As matters now stand, the USA is lurching toward an always uglier society at home, and endless war abroad, with an already weak economy at home, and the same on its way abroad. Just how seriously weak the U.S. economy is well-suggested by Stiglitz:

It has now been almost five years since the bursting of the housing bubble and four years since the onset of the recession. There are 6.6 million fewer jobs in the USA since than there were four years ago. Some 23 million Americans who wish to work full-time cannot get a job. Almost half of those who are unemployed have been so long-term. Wages are falling — the real income of a typical American household income is now below the level it was in 1997. ( Joseph E. Stiglitz, “”The Book of Jobs,” *Vanity Fair*, January 2012)

Although the USA has the highest per capita income not only today but in history, but a tiny set of people gets *very* high incomes and profits, while at least half of the rest of those who work for wages don't get enough to live a decent life. Income distribution in the USA between the two world wars was at least that bad for the overwhelming majority, but that began to change under the political pressures of increasingly organized and democratized unions and their and others political participation. Now it is our responsibility to transform our anger and our needs into politics and action.

The last time we did that was after World War II — but only for a while. As we relaxed, Big Business and the war lovers rose up.

Since the 1970s big business has succeeded in making an already heavy concentration and misuse of power to become always more so while, at the same time, U.S. militarism transformed what had begun as the 19<sup>th</sup> century ended to become even more insanely occupied with one war after another; now with one more — Iran — around the corner. If we had won — or do win — those wars, what is that we and the thousands of wounded and dead on both sides have “won”? The oil companies and their likes know what they have won. We must stop those literally murderous doings.

## **Working for a Better Society**

If we allow current policies to continue, we will be on our way toward a repetition of the 1930s — or worse. Now I turn to an examination of the key elements of what must be changed and what we can and must do for a safer and better society. If and only if we now work politically to resolve these problems can the job or any of our other social crimes be decently resolved.

### **The Key Elements: Income and Wealth; Jobs, and Taxes**

Since the 1970s U.S. income and wealth inequalities have broken already disgraceful records. In those same years, the powerful (facing little or no political opposition in Congress or in the voting process) have been easily able to increase their political power in all realms, including the reduction of

*their* income taxes, thus increasing the tax burden of the rest of us. Along the way, the powerful have brought about a harmful restructuring and *destructing* of the economy, favoring finance over production and having more of production migrate to the much cheaper labor in the poor countries. The result has been always higher levels of long-term unemployment at home.

The associated social harm for the majority has made the USA into a playground for the rich and powerful. As the minority enjoy their riches, they are carrying us toward economic disaster at home as, at the same time, their political power bows to — or facilitates — our continuous wars abroad. Unless we can reverse those processes we will increase our difficulties at home and continue on the way to the last world war. Those dreadful probabilities will be reversed if and only if we do the difficult work of creating a substantial political movement which can achieve a sane, decent, and antiwar society. (An excellent critical film of the financial sector may be found in *Inside Job*, which won a “Premier Oscar,” 2010.)

## **What We Can and Must Do**

I begin with jobs, a problem most essential to be dealt with immediately, but which has been at best a second thought. A strong program for achieving sustained full employment cannot be created without our sustained political efforts for achieving a restructuring of today’s income, wealth, and taxes. Only then can there be higher average wages, lower net profits, and the democratized tax structures required for needed programs.

First and foremost is the need to end unemployment. It was not until the depression of the 1930s that the U.S. government even began to *measure*, let

alone deal with, the jobless population. It was not until the mid-1930s, when the number of those unable to find jobs was skyrocketing toward 29 percent of the labor force and political protest was deepening that the Labor Dept. even began to take account. Even so, *official* unemployment never got below 12 percent until World War II, which gave “jobs” to the 19 million in uniforms and military “employment,” and production jobs for all others.

It is important to note, however, that the *official* rate as measured in the past and at present — this is always the rate trumpeted in the news — counts less than *half* of those who need and seek jobs but are unable to get them. Thus, the “official rate” of the unemployed as I write in January 2012 is 8-to-9 percent. But Footnote U-6 of the Bureau of Labor Statistics (yes, the real rate appears only in a footnote) revealed a rate twice that: 16-to-17 percent. In addition to the officially unemployed, this accurate, but effectively secret, measure takes account of:

1. Those who have despaired and given up looking
2. Those who have been looking for months but haven’t looked precisely in the days used for the official report
3. Part-time workers who had been and need still to be full-time
4. Diverse others seeking but not measured or the young who give up without trying

Had you known where to look for the U-6 rate in January 2012, you would have found that ugly truth; but it isn’t easy. Those who control the daily

news are also among the rich and powerful, and they don't want to upset us with ugly truths — especially regarding the mess they have created.

What are the pressures we should make on Congress and the White House? Much of what is proposed would end unemployment, but it would also meet the needs and improve the lives of the vast majority. Here I note only the most obvious programs for unmet needs; many reading this will see others. And such projects can best or only be done properly when governmentally financed and controlled.

For example, projects requiring workers to do the building, the hauling, and manufacture of the many means involved: tractors, steam engines, tools, lumber, iron and steel, transportation. But, wait, would not such projects cost too much? Indeed the costs of wages and materials would cost a lot, but such projects — home building, schools and teachers — are for meeting human needs and possibilities. Those who make complaints about cost are silent or even cheer when our many military “projects” are viewed. Look at the *three trillion* already spent for the unforgivable war in Iraq, or the trillions for wars we have been taxed for since World War II — for weaponry, the planes, ships, the food, clothing, and shelter and so on of the GIs. If we have spent — are spending — sky-high amounts for wars which are difficult or impossible to justify, surely the well-being of our people and our society are at least — or much more — important?

Now in February 2012, teachers, industrial workers, and others are being laid off, or having their wages cut:

The number of people working part time because they could not find full-time work was 8.2 million in January, 2012.

However, including those who have stopped looking for work altogether, the broader measure of unemployment was 15.1%.  
(*New York Times*, 2012-02-04)

While campaigning in New Hampshire that same day, Republican presidential candidate Romney (the mega-rich front-runner) attacked Obama by stating “Over 16 million Americans are out of work or have just quit looking.” As though he gives a damn. (He has also admitted he doesn’t really care about or even think about the poor.) Plus, at the same time, his gambling pals on Wall Street were dancing happily, getting richer, and working us toward another crash. The financial recklessness that produced the ongoing crackup was made illegal in the years following 1929. Even more recklessness, however, was given birth in the 1990s, when Clinton (Dem.) was in the White House. He was advised by the very same Wall Street hotshots Obama appointed when he moved into the White House: Robert Rubin, Timothy Geithner, and Lawrence Summers.

What brought about the Wall Street gambling and troubles of the 1990s and the crash of 2007 have been allowed to have another life today. As the U.S. paper of record reports:

The average Goldman Sachs employee was paid \$292,397.00 in the first 9 months of 2011, down about 21% from 2010....That includes the salaries of those on the lower scales of the support staff. Also, each Goldman partner is still expecting to take home at least \$3 *million* this year. (“Pay Cuts on Wall Street? It’s Complex,” *New York Times*, 2012-01-11)

It’s time for those well-dressed thieves to be taxed down to decency.

## Health Care

Thousands who thought they had jobs with medical coverage now know that they have neither jobs nor health care. Even before today's recession(s) there were all too many millions whose jobs did not give them access to health care. All of the foregoing are badly off, and all are in the USA. We claim to provide the best health care in the world. If so, why do only the very well off get it? It's too bad the millions with inadequate care aren't living in Finland or most of Western Europe, where for total health care all you need is the doctor's address. What follows will be focused on health care but much of the same contrasts between the UK and Western Europe are also found in employment assistance, education, housing, and the care of the old and the weak.

Here's a tale of my own U.S. health care education. In 1939 and 1940, while I was going to junior college, I was working the night shift as "cleanup assistant" in surgery in the San Francisco City Hospital. Most of those night efforts were on emergencies. Surgery was on the second floor, just above the arrival point for ambulances. When they had a person in emergency and needing surgery they would sound out with a signal and I would rush down. On such an occasion one night there was a bloodied middle-aged man screaming in a foreign language as his pockets were being searched by the attendants. After he finally understood the question they *always* asked — "How much money do you have? — he said he had \$300 in the bank. They put him back in the ambulance, and took him off to a private hospital. Two days later, when I went upstairs to get a patient for surgery, there he was in a bed — and now broke. His \$300 was gone, San Francisco's honor had been saved, and I took one more step toward becoming a critic of capitalism.

Of all the major capitalist societies, the U.S. health care system stands out in its clinging to a private health care system. To be sure, as noted earlier, there are some in the USA whose health care is financed by those working in local, state governments, or the USA, or those whose unions have seen to it that in addition to their wages their company finances health care. But almost all advanced industrial nations cover everyone. The USA has 50 *million* with the lowest incomes (and often the worst needs) — completely uninsured.

What should be provided by the U.S. government is what is already being done in the other capitalist nations. For example, I have lived for many years in Italy. The country has a decent national health care system, but the other leading European nations, plus Canada and Japan, provide national health care that, in fact, is considerably stronger. (I am an official “resident,” not a citizen of Italy, but I have the same health care rights as Italian citizens.)

In Italy the costs of your health care — doctors, hospitals, medicines — are paid by the government. It has been altered somewhat in recent years under the government dominated by the quasi-fascist Berlusconi, but the system remains marvelous compared with the USA. Almost everyone chooses a family doctor, who is then visited for exams and to be sent to others (including hospitals) when appropriate. Prescriptions are free. Some of the doctors who are paid by the government also have private practices for those — the well off — who for one reason or another choose to have “their own” doctors.

My first experience with the need for medical help goes back to the 1960s and continues up to the present. Over the years, I have been hospitalized, have undergone surgery, and have always been taken care of well. As noted

above, Italy does not come close to being Number One in Europe, but it makes the USA look like a backward nation.

## **Education**

The years 1945–1970 were economically the most buoyant and the most democratic in U.S. history. They were also the years that broke the U.S. record for widespread higher education for men and women, for they were the years in which literally millions of young people were able to undertake higher education. They were the years in which almost 20 million U.S. veterans of World War II were supported by the U.S. government’s “GI Bill.” I was one of those millions, from freshman to Ph.D. at U.C. Berkeley. Moreover, the many millions of increased university students meant that thousands — including me — were easily able to get teaching jobs, and book publishers were able to sell additional millions of books. Things were humming.

That’s only the most obvious of the positive effects of the GI Bill for those who were thus able to get a higher education. At least as important was the meaning to the society as a whole because of the substantial increase of doctors, engineers, scientists, and maybe even radical economists. That was yesterday. Today the USA and its people have at even more reason to see to it that such governmental financing of university education is repeated and made permanent for everyone capable and desirous of going beyond high school.

These days a high school education is the merest groundwork, a minimal framework, at best. At worst, it is teaching-to-test indoctrination that will

need to be transcended. Today a high school education is not enough; higher education is necessary, both for individuals and the society as whole.

It should be clear by now that the USA's long period of Number One is now ending, and that we have to do something about it before it comes to mean desperate lives for almost all. Meaning what? Thomas Friedman put it well in as 2012 was beginning: "One thing we know for sure: With each advance of globalization the best jobs will require workers to have more and better education to make themselves above average."

Here are the latest *unemployment* rates from the U.S. Bureau of Labor statistics for U.S. people over 25 years old: in brief, the lower the education, the higher the unemployment:

Those with less than a high school degree: 13.8%; those with high school, but no college: 8.7% ; those with some college or associated degree: 7.7%: those with bachelor's degree or higher: 4.1%. (*New York Times*, 2012-01-26)

"We the People" need another — and never-ending "Education Bill." It should be normal and ongoing, both to allow the young to meet their needs and possibilities *and* to help the U.S. meet *its* needs and possibilities. The first should need no explanation, either to the young or their parents, but the "needs" of the nation, if less obvious, are just as important.

Question: Why should the USA, the most powerful and advanced of all nations have to be concerned with its educational system? Answer: Our economic power is now in an absolute and relative set of declines with more on their way.

*Item.* China is now second — and rising — in the world economy. If present tendencies continue the USA will no longer be Number One. Being “One” in itself is of no importance except for “pride,” but our continuing weakness threatens to sink us into serious troubles of several dimensions. For some that would be a matter of pride; for the rest of us it will be a matter of jobs. It deserves a look here and a much longer look from the experts in matters connecting our universities with those elements of engineering and production that could and must shift our educational system in the necessary directions: away from the heavy industries in which we can no longer compete and toward “lighter” realms for which science is essential. I am no expert in such matters; I leave further discussion of that up to those who are, and add merely that “time is running out.”

## **Housing**

For many years, I have taught every other semester in Italy. I have been struck favorably by their decent, subsidized, and inexpensive public housing. They are by no means the champ in Europe, but they make the USA seem cruelly inadequate. We must work to achieve public housing for the millions who need it. A rich society such as ours should not have millions of its people badly housed; it is not only cruel but also stupid, for in doing so we are also overlooking how stimulating to the economy it would be in jobs and other realms of production.

OK, but wouldn't that raise our taxes? *Our* taxes? How about the taxes of those best off? It is overdue for that rise to be placed on the silver and golden shoulders of those at the top of the income structure: especially the top 15 percent. The taxes of those in the bottom half need not and should not ever reduce their net income below what is essential for a decent living. Also,

housing projects could be financed by reducing our astronomical military expenditures.

It is important to understand that a substantial increase in public housing construction — and other programs noted in this essay — would also mean a substantial increase in that percentage of the USA whose incomes will be decent. Half or more of our people have incomes that cannot provide a decent and safe life, while a tenth take in so much — many of them for doing so little — that they should be eligible for a substantial bump in their income taxes. It is up to us to bring that about by our political efforts.

## **The Aged**

Of all the socio-economic realms discussed in this work, the aged are most severely damaged and neglected group in the USA.

**Jobs for the Aged?** Many aged who are unemployed could not or would not be able or want to work; but a minority could be and would be eager and able to. And in doing so they would improve both their own and society's health. The kinds of jobs are many and a meaningful percentage of the aged are at work in them: in stores, hospitals, classrooms, restaurants — that is, in almost all realms. I myself was able to teach in universities in both the USA and Europe until I resigned in my 93<sup>rd</sup> year of age. (As you can see, for better or for worse, I am still working.)

**Health and Housing for the Aged?** Important though the matter of jobs for the old may be, at least as vital is the need for society to see to it that their health, safety, and well-being be ensured by society. In the UK, most of Europe, and parts of Asia, that need is met. In the USA, the richest

nation of all, it is not. A disgraceful percentage of our aged are lacking in needed health care, diet, housing, or activities that would strengthen them physically and mentally. I write as one for whom all of those needs *are* met, as part of a generally most fortunate life, but I also know much of what the needs of the old are. It is time overdue that those whose health, housing, and other needs are not being met, *be* met. That's another political job we must resolve.

## **The Environment**

As discussed in the “Wall Street” essay, the world, led by the USA, has functioned economically in such a fashion as to be self-destructive. It is worth quoting once more what was seen already in 1923 by Veblen:

‘The American Plan’ of *resource* exploitation was one of accumulation by encroachment on both the environment and the indigenous population, converting all public worth to private gain on a plan of legalized seizure, every public need a means of private gain, as staple resources were over-exploited by speeding up output and underbidding the price, leading to a rapid exhaustion with waste of the natural supply.  
(Thorstein Veblen, *Absentee Ownership*)

And he goes on to note that, for example, “the lumber companies have destroyed appreciably more timber than was utilized.”

Note the date: early 20<sup>th</sup> century. Seventy-seven years later, as that century was ending, the destruction of natural resources had increased quantitatively and qualitatively. And we are outdoing ourselves in the 21<sup>st</sup> century.

As World War I was cooling down, there began in the USA the never-ending race led by what has now become 500 gigantic companies. It was they who began and still increase and combine consumerism, massive advertising and borrowing, with reduced production costs, restricted outputs, and endless product variations. The birth pangs of those ugly developments was identified by Veblen in his *Theory of the Leisure Class* (1899). He was, as usual, both accurate and prescient.

The ongoing poisoning and destruction of the world's air, water, and land is more likely to expand and deepen at accelerating rates so long as we continue our ways and means of production and consumption. We in the USA and our counterparts around the globe have allowed ourselves to take part in what will bring an end to life on the earth. Given the ongoing political and persuasive powers of business advertising and mind drugging, the odds are all too strong that they will continue to get what they want.

## **The Political Economy**

Since no later than the 19<sup>th</sup> century, the world has been dominated by capitalism, directly or indirectly. Along the way, discussions of the political economy were separated by academics and the press into two realms: *economics* and *politics*. Although some of what falls under the heading of politics is not economic, virtually all of what is critical to the economy is tightly linked to politics (working conditions, taxes, international relations, endangered resources). The less conscious the public is of that linkage, the better off are the powerful, especially when, as now, the link is tightening.

Next we will examine the dangers of the ongoing U.S. political economy. In the absence of substantial reforms, U.S. workers will continue to suffer prolonged unemployment and indecently low incomes.

## **The Recession**

The political economy of the USA faces many dangers. One is the ongoing recession (or depression). The recession became obvious in 2007. Since then and up to the present it has been seen as more of a hiccup than a serious disease. This Pollyanna perception bears a grim similarity with the Crash of 1929, whose slogan — year-after-weary-year — was “Prosperity is just around the corner.” Not until the mid-1930s was it even generally recognized that the Crash was the first step toward the worst depression in history. And it was not until *after* World War II that the economy of the USA became strong at home and vitally connected with other nations. Up to the 1970s, those connections were mostly as *seller* and *lender*. Since then, the USA has become history’s champion *buyer* and *borrower*. We now owe six *trillion* dollars to foreign lenders: almost half of which to China and India. Given our already weak national and international economic situations it is difficult to see how that debt will ever be repaid. What will mean to those we owe in Asia and Europe cannot be known as this is written, but however those debts are — or are not — resolved the result will be a different world. If that world is not to be disastrous for us, we must work soon and hard politically to build a nation whose politics are aimed at meeting the needs and possibilities of the majority (and, as will be noted below, Mother Nature) and, in doing so, push those who now rule into where they belong: the background.

Then there are the rising troubles in Europe itself: as this is written Europe has begun its own struggle to hold back a broad and serious recession, to which up to now it has responded in ways all too reminiscent of the USA in 1929; that is, inadequately. Here some excerpts from the global edition of the *New York Times* (Jan. 30, 2012):

Headline: “E.U. leaders set to admit austerity is insufficient. Summit talks’ statement will focus on growth but quick action is not likely.”

Text: “Bowing to mounting evidence that austerity alone risks stoking recession and plunging fragile economies into a downward spiral, a draft of the European Union summit meeting calls for growth-friendly consolidation and job-friendly growth....while avoiding mention of the one thing that could change the climate: a fiscal stimulus from Germany, the euro currency zone’s undisputed powerhouse.”

More text: “Even countries with relatively strong public finances, such as Germany are *tightening* fiscal policy and withdrawing demand from their economies at a time of pronounced private sector weakness. The director of the Europe/ German research program (Joachim Fritz-Vannahme) states that “The recognition is coming that austerity won’t work, but how to get beyond austerity is completely unclear. There is *no* master plan under discussion in this country.”

Here a warning from Paul Krugman, in the *International Herald Tribune* (Jan. 3, 2012), in his article “Economic amnesia and the austerity debacle.”:

Changes in real G.D.P. in the UK since the ongoing recession began are worse than they were in 'the Great *Depression*,' when, after 4 years the UK had regained its previous peak. Now, four years since the "Great *Recession*" the UK is nowhere close to regaining its lost ground....In the USA the federal government has avoided all-out austerity, but state and local governments, which must run on more or less balanced budgets, have slashed spending and employment as federal aid runs out, and this has been a major drag on the overall economy.

It will continue to be so, unless and until today's recession-depression is dealt with in terms of people's needs rather than what business wants. Every day officials tell us we're OK, despite governmental data showing we are not. How misleading that is has been summed up in an excellent and detailed analysis by Paul Craig Roberts in a recent article and fine new book. The article was "The Emperor Has No Clothes," in *Counterpunch* (2012-02-01), and the book is *How the Economy Was Lost* (2011). Roberts was once an editor of the *Wall Street Journal* and also high up in the U.S. Treasury. His views have since changed substantially. He observes:

1. In January 27, 2012 the U.S. Bureau of Economic Analysis announced that in the last quarter of 2011 the economy had grown at the rate of 2.8 percent in real terms.. However, almost all of that gain was due to "involuntary "inventory build-up": that is, is goods produced but not sold. So, the real growth rate as 0.8 percent, ignoring inflation. When the methodology that measures a constant standard of living is used to deflate "nominal GDP", the result is a shrinking U.S. economy, and it becomes clear that the U.S. economy has had *no* recovery and has been in a deep recession for 4 years.

2. Real average weekly earnings have never recovered their *1973* peak. Real median household income has not recovered its 2001 peak and is below the *1969* level.
3. Consumer confidence shows no recovery and is far below the level of a decade ago.
4. Housing starts have remained flat since 2009.
5. Retail sales are below the index level of 2000.
6. Industrial production remains below the index level of January 2000.
7. The U.S. economy cannot recover, because the U.S. economy depends on consumer expenditures for more than 70% of its activity.
8. The off-shoring of middle class has stopped the rise of middle class income and caused a drop in consumer spending power.
9. The Federal Reserve under Greenspan compensated for the absence of U.S. consumer income growth with a policy of easy credit and a policy of driving up home prices with low interest rates, allowing people to refinance their homes and spend the inflated equity in their homes.
10. The increase in consumer and *dis-savings* drove the economy in the place of the missing growth in consumer incomes.
11. Today, consumers are too indebted to borrow and banks are too insolvent to lend.

12. Therefore, there is no possibility of further debt expansion as a substitute for real income growth; an off-shored economy is a dead and exhausted economy.

13. The consequences of a dead economy when the government is wasting trillions of dollars in wars of naked aggression, and in bailouts of fraudulent financial institutions is a government budget that can only be financed by printing money.

14. The consequence of printing money when jobs have been moved offshore is an inflationary depression. This catastrophe could begin to unfold this year or in 2013. If Europe's problems worsen, flight into dollars could delay sharp rises in U.S. inflation until 2014.

15. The emperor has no clothes and sooner or later this will be cognized.

When the Labor Department's jobs report of January 2012 came out, its "seasonally adjusted official numbers" showing that over 200,000 jobs had been created, the news was filled with the idea that unemployment was on its way out; that the recession was under control and "what's to worry?" Answer: a lot. The footnote U-6 unemployment rate showed that in June 2009 there were 25.4 million jobless; in January 2012 there were still 23.4 million out of work, with only 67,200 jobs created a month over two and a half years: a monthly rate only barely half of what is needed to absorb the growing labor force. (Data provided by Jack Rasmus; see his forthcoming Pluto Press book *Obama's Economy: Recovery for the Few.*)

Meanwhile, what is happening to the rest of the world in the economic realm is also worrisome for the USA, if in diverse ways. The Europeans are

more likely than not to be on the edge of serious troubles with its recessions, spreading from Ireland to Greece, to Portugal, to Spain, to Italy, next to who-knows-where? What all of this will mean to the *euro* and what would follow if nothing is done or nothing is not is already being discussed.

Then there is the record-breaking foreign indebtedness of the USA, whether in our total debt of six *trillion* or “only” the three trillion we owe to China and India. In any case, as the U.S. economy is increasingly dominated by its debts, the world economy is on its way to a new range of uncertainties: the list of important trading leaders is presently headed by China and India, but now it being added to by South America, led by Brazil. What those changes will mean is presently a matter of pure speculation, but surely there will be substantial changes and disorder in the realm of political economy.

### **Ongoing and Likely Wars**

The USA has an ongoing war in Afghanistan — but also in Iraq. But have we not begun our exit from Iraq? Indeed we have, but just as we had no acceptable reason for making that war years ago, we need not have an acceptable reason to return. The real reason initially had nothing to do with the protection of the USA, but a great deal with the protection of the interests of U.S. oil companies. (See Stiglitz, 2008.) That is all too likely to happen again. U.S. troops are now moving out of Iraq, but they can be ordered back swiftly at the drop of a few oily hats.

Afghanistan? A reminder: the USA first became involved militarily there in the 1970s, when it armed the then infant Taliban forces to take on the USSR as it was poking its way there. The Taliban did it and in the process it grew. Then, in the 1990s it was (irrationally) decided by the rulers in USA

that the Taliban had become a threat to our (that is, their) interests. So we began a war. There was no sane reason for us warring there, and there is none for us to continue. Saving face is the reason: The military doesn't want to have Afghanistan become our second Vietnam. What about the already wounded and dead and their families? Don't ask. The USA should get out of Afghanistan soonest, but it also must not allow Israel to get us into the very probable war they wish to have with Iran; to which I now turn.

What follows is likely to seem by some as the so-called "anti-Semitism" of that Jew-hating Douglas Fitzgerald Dowd. However, Dowd's first political acts were to join a Jewish political group in San Francisco in the 1930s; a group that worked against ongoing racist and religious prejudice in San Francisco. My mother's Jewish parents had fled their persecution in Russia. She was pleased to see me work with those trying to put an end to the racial and religious prejudices and mistreatment of Jews and Catholics, Chinese, Japanese, Negroes, Japanese, and Italians in our fair city. The family name of my mother's parents had originally been "Brotsky," but soon after they arrived in the States they changed it to something safer: "Seid." My Irish Catholic father's family had also changed *their* name — from "O'Dowd" to "Dowd." The critical discussion of Israel that follows utilizes the works of Amos Oz, a university professor in Israel.

If there is a war between Israel and Iran, much of its origin will be claimed to be Israel's fear that Iran will soon have atomic weaponry and use it against them. Iran does not yet have such weaponry — as Israel and everybody else knows. Further, Iran states that it is not seeking to make them. For its part, Israel publicly sates that it does *not* have the bomb. Thanks in part to Mordecai Vanunu, it is widely and accurately known that they *do*. Hundreds of them!

As a result, the Iranians have reason to arm themselves accordingly to hold Israel back. Israel has made it clear that is determined to bomb Iran's suspected works and, when Iran fights back, to have the USA come in with its bombs and, if necessary, its troops. Israel prefers a new — Republican — president. A new U.S. president, whichever Republican grabs the gold ring, would embrace this insanity. As the November election approaches, Obama will be subject to Israel blackmail as a wimp if he objects or stalls.

Israel's bombing of what they claim to deem to be the growing nuclear capacities of Iran is terrible enough in itself, for several reasons:

1. The death and wounded Iranians from the bombing
2. The response of Iran against Israel will be an outright, with wounded and deaths of the peoples in both societies, mostly or entirely civilians.
3. It is widely understood that Israel cannot win a normal air and land war and that it will expect and depend upon the USA for support on the ground and in the air.

So will the USA go along? An article in the *International Herald Tribune* (2012-01-28) provides two worrisome answers, one from Moshe Ya'alon, Israel's Vice Prime Minister, and Minister of Strategic Affairs, and then from Matthew Koenig, special adviser to the Pentagon.

First, Ya'alon, and Israel's increasingly tough position regarding Iran:

We have had some arguments with the U.S. administration over the past two years, but on the Iranian issue we have

managed to close the gaps to a certain extent. But the main arguments are ahead of us. This is clear.

Next, the worrisome statement of Matthew Koenig, in late January 2012:

The United States has asked Israel not to attack Iran and to provide Washington with notice if it intends to strike. Israel responded negatively to both requests. It refused to guarantee notice or to provide notice if it does. My hunch is that Israel would choose to give warning of an hour or two, enough to maintain good relations between the countries but not quite enough to allow Washington to prevent the attack. Nobody wants to go in the direction of a military strike, but unfortunately this is the most likely scenario.... After speaking with many senior Israeli leaders and chiefs of the military and intelligence, I have come to believe that Israel will indeed strike Iran in 2012. Perhaps in the small and ever-diminishing window that is left the United States will choose to intervene after all, but from the Israeli perspective — that only the Israelis can ultimately defend themselves — there is not much hope for that.

To be clear, what there is “not much hope for” is the avoidance of a war between Israel and Iran. Is there no way to keep the USA from going along with Israel, with the USA joining soon after — even though it could well be step toward more wars in the larger region? Israel appears to be convinced it has everyone over a barrel.

So those who are against the endless wars of the USA must do everything we can do politically to keep that from happening. That job is especially vital now, given what the rich have achieved in Congress. About a year ago, the Republicans dominated Congress (aided by some bribed Democrats). They opened wide the door for “unlimited political contributions to political committees.” That’s the province of Big Business. We don’t have the money to go against that. We must use our heads and hearts to get an honest Congress.

The odds against our making the USA into a decent society are high, but we must do what we can. Nor should we forget that similar odds were high in the USA also in the mid-1930s, but we won as long as we fought. If we allow Big Business and the war lovers to go on and on, we will at the same time have allowed the USA, already disgracefully militaristic, to take always more steps toward right-wing totalitarianism. It will be a USA with deeper exploitation, more misery, and more war — right up to the last war ever.

In the oncoming election we must see to it that Obama stays in the White House, not because he has been a good president, but because we can make him better. If he loses we will lose even more, because the winner would be a dangerous disaster. We will have ever deeper socio-economic troubles at home and worse wars abroad. Obama has been bad enough; a Republican president would be considerably, perhaps immeasurably, worse.

We must get to sustained hard work now to prevent that horror show, for things are so precarious now that unless we keep the Republicans out of the presidency and lower its strength in Congress, we may never have a chance to what we can and should do after the election: go to work to create a third party.

