

# **What's That Coming Around the Corner?**

**by Doug Dowd**

For a decade or two after World War II it seemed possible that the USA, much of Europe, and many other societies around the world had learned enough from two world wars and violent political shifts to steer clear from the suppressive politics and suicidal economies they had just barely survived; that the time had come to work for functioning democracies. To one degree or another that was acted upon in all of the rich and some of the newly independent countries; but only for a while.

From the 1970s on social intelligence and decency began an always more dangerous lurch back toward raw capitalism and autocracy; the USA in the lead. Year by year, the rich and powerful recovered and increased their political strength at home. That done at home, they (the USA and other long-standing imperialists) set about to have the newly-independent colonies open their doors for corruption; and economic exploitation among them has become even deeper than in the “good old days.”

Thus, although “institutions” have changed on the surface in both the rich “big six” and in most of Latin America and Africa and much of Asia, not only has the exploitation of the many by the few deepened, but the efforts for genuine freedom and independence have been derailed. Among those processes many by-products has been the rise and deepening of always spreading and deepening terrorism. Although it is unlikely that its ways and means will produce the victory sought, it is quite likely that it will contribute to the next — and last world war. First I turn to the rising dangers among the powerful nations.

They were mostly born and became apparent in the USA, from which their main push continues. Since the 1970s, it has led the richest “six” and other advanced industrial capitalist nations to utilize new ways and means to increase profits and to “modernize” their power with consumerism and related tactics of “mind management” in the realm of communications. That is most obvious in the USA, with others catching up rapidly. Rare indeed is the politician in the industrial world who has not been bought and paid for by big business as regards the economy, social needs, war and peace, and with always more danger and more recklessness, the environment. (Related social needs and problems will be discussed in (2). “The heart of the matter” has been the capitalist economy of the USA and its big business rulers; to which we now turn.

Once upon a time a common phrase in the USA was “it’s our economy” even though it has always been “theirs: those who own and control production, the means of life. However, as the 20<sup>th</sup> century ended and the 21<sup>st</sup> began even “theirs” was slimmed down to the even smaller group recently noted in *Fortune Magazine*: “500 *financial* companies have revenues equal to more than two-thirds of the production of the entire economy, exceeding that of the next two largest national economies (Japan and Germany).” That in the 1990s only 500 companies took that percentage of the revenues of countless *thousands* of producers is a shocker in itself, but as the 21<sup>st</sup> century began it was worsening: the production sector is increasingly dominated by Wall Street which, to make matters worse, is dominated by always more high flying speculation. Here some of the processes which took us here (as seen by K. Phillips in *Arrogant Capital* (1994).

In the early 1970s the financial sector was subordinate to Congress and the total of financial trades in the USA over an entire year was a dollar amount

less than GNP. By the 1990s, however, through a 24- hour-a-day cascade of electronic hedging and speculation the financial sector had swollen to an annual volume of trading 30 to 40 times greater than the dollar turnover of “the real economy.” Now each *month* several dozen huge financial firms trade electronically a sum in currencies, futures, derivatives, and socks, bonds that exceed the entire GNP of the United States.

Note the date of that critique: 1994, when Clinton (Dem.) was president. His main financial advisors and officials were Wall Street buddies. Now Obama (Dem.) is president and *his* financial advisors have also been Wall Street buddies: Robert Rubin, Lawrence Summers, and Timothy Geithner. Add this headline of January 22, 2011: “General Electric Chief Immelt is to lead Obama job push.” (And, the article notes, he will continue to run GE.) Immelt is noted for having been the leader of the anti-labor and tough market policies of GM, arguably the most powerful and socially irresponsible of U.S. corporations. In the same week, Obama appointed William Daley (top executive of Wall Street’s JPMorgan Chase) as his Chief of Staff.

The foregoing sets the stage to examine problems of the ongoing U.S. economy and those in the closely related world economy, in the following order: (1) recession (or worse); (2) big business and the economy’s problems; (3) the always more harmful distribution of income; (4) the global economy. Taken together 1-4 have brought the entire existence of the USA and the rest of the world to the brink of disaster. I begin with the ongoing recession.

Those old enough or read a lot will be familiar with the ill-famed utterance of economists and politicians for several years after the 1929 crash: “Prosperity is just around the corner.” What was around the corner was a

recession which soon became the worst depression of history. As it flumped between 1929 and 1935, the White House and Congress realized they had to wake up or get kicked out; it was then, in the mid-1930s, that the desperately-needed policies of “the New Deal” took hold. However, it is relevant to note that as recovery took hold for but a few years Wall Street convinced the White House and Congress to abandon reform policies because “inflation is just around the corner.” So, from 1937 until World War II the economy flopped back into depression. (Soule for the 1920s, Mitchell for the 1930s)

Now we have been in a recession since 2007, with an official unemployment rate of 9-to-10 percent. That rate’s nature was established in the 1930s, but it counts only those who are “known to be unemployed.”

It does not count those who, before the recession, were working full-time but now work only half-time (with, of course, lower wages and lower or no benefits); does not count those who have given up looking nor the young who give up or whose jobs are low-paid and not those for which they are trained; nor the old who have been discharged sooner ahead of time. IF all those who are unemployed and *underemployed* were counted (as it is in Germany, for example), the “official rate” would be at a depression level: 17 percent. Nor does it count the unknown bunch – young and old — who have despaired of even trying: Shades of the ‘Thirties.

So what? So the “low” official rate of 9-to-10 percent allows Congress and the White House to hold back from needed job or financial assistance and give up on the badly-needed socio-economic programs which would furnish well-being *and* jobs (in housing, health care, transportation, etc. In short we need another New Deal, but are getting what the conservatives — both

Democrats and Republicans — managed to by with from 1937 on noted above. As Paul Krugman, among the most pertinent of today's economists has pointed out:

The U.S. economy has to grow 2.5 percent a year just to keep up with rising productivity and population....But even at 4 percent the — understated — unemployment rate would be close to 9 percent at the end of 2011 and still above 8 percent at the end of 2012....A rational national political system would long since have created a 21<sup>st</sup> century version of the Works Progress Administration of the 1930s (WPA). We would then be doing what needs to be done, repairing and improving our fraying infrastructure. [However] the best we can hope for is that Washington doesn't actively undermine the weak recovery. (*New York Times*, 2011-01-02)

It took World War II to get us out of the 1930s depression. Now, with more than ten nations with atomic bombs and at least one of them — Israel — itching to use them against Iran — either “we the people” become the dominant politics of our nation — and even if we do — we're nearing the edge of a cliff. Since World War II the USA and many other nations have been all too open to setting the stage for war (and/or marching ahead). However, the giants who control today's politics are always pushing for more of the same. *Back* in the 1920s a handful of economists had come to note a qualitative shift in the economy toward giant companies. Although in the 19<sup>th</sup> and early 20<sup>th</sup> centuries there had been big companies and a handful of giant companies — e.g., Standard Oil — who dominated their own markets and, of course their workers, the economy was not dominated by BIG business. No later than after World War II — and partially facilitated by it — the march

toward what we now have: the domination by no more than a few hundred companies not only of the economy, but of the entire social system. Except for a few economists, little or no attention was given to that dangerous evolution. Most powerful, comprehensive, and revealing of those works, as most of you readers will know, was *Monopoly Capital: An Essay on the American Economic and Social Order* (1966) by Baran and Sweezy; especially because their analysis went beyond the economy into the entire social order.

There is, of course, much more to be concerned with about the U.S. and world economies. The USA has been the dominant economy since World War II, producing, buying, lending. However, since the 1980s it has become history's champion consumer *and* history's record-breaking borrower. It is more than interesting to note that the USA now owes over three *trillion* dollars to China and India alone who, for centuries both had been long-standing victims of imperialism. It is difficult to see how the lenders will ever get those billions back, if only because most of their own economies depend upon U.S. consumption. Put differently, it is more than difficult to see how the USA will ever be able to pay off those (and other) debts.

If Obama keeps the presidency and, as is highly likely, the Congress continues on its conservative paths (kept there by both the conservatives of the GOP and the Democrats), that would be ominous enough. It is, however, at least as likely that Obama's record as president will continue on its bumpy road and that he will be replaced by someone much worse. Obama has been all too friendly with Wall Street and big business. For him that may (or may not) have been a bit of a strain; if the GOP takes over, Wall Street and big business will furnish them with cheerleaders.

Moreover, It is difficult indeed close to impossible, to find governments in Europe or Asia or Latin America can or will lessen their dependencies upon the reckless USA, in that most of their economies are also weakening. Moreover, their politicians, like those of the USA, have increasingly turned a deaf ear to the needs of the majority. After all, not only does the money come from big business, but so too do daily truckloads of effective mind warping. Item: In Italy (here I live) Berlusconi is several things. He is its richest person, its most powerful businessman (in finance, communications, and owner of a soccer team), and its most infamous young women user. He is also Italy's most popular politician (especially among men). Both despite and because of all, he only recently ended his third term as its leader.

Perhaps, you will think, that's just Italy. It isn't. He is just the winner in a popularity contest (especially by men). In the USA, Clinton not only was caught with his pants down with a fancy young woman, as president he also (as noted above) played games with high finance (and who knows how many other *femmes*). And then there are the UK, France, Germany, the UK, Japan, Israel, Russia...Doubtless others are not as heated up as Berlusconi; but is very hard indeed, if not impossible, to find political leaders who listen first (let alone only) to the people rather than to the big shots.

That, of course, is partially the fault of the people — whether because we are too busy buying and borrowing, sweating and worrying at plain brainwashed — do not live up to the rule that a democracy can function as such only to the degree that a strong majority of its people are regularly involved in paying attention to and acting upon politics. We did that, in the USA and in Europe and elsewhere, for a few years after World War II. We decreased our doing that as the 1970s approached and had thrown it aside as the 20<sup>th</sup> century was ending. How else does one explain that young Bush, a

combination of fool, liar, idiot, and monster, could be elected, let alone re-elected (even considering the latter's dirty tricks)? [And just think: He had an MBA, not from Bob Jones U., but from Harvard.] In the process, whether in state or local or Congress, we opened the door wide for policies facilitating war and corruption and robbery at all levels.

In the 1930s, as the "recession" had continued and worsened for all too many years, an always growing number of workers in various industries, not least and against all odds — those on the San Francisco waterfront got rid of a poisoned union and put an honest one its place. As they were doing so, workers in the Midwest and the East also went against all odds to gain strong unions. In doing so, they also brought to political life a significant percentage of the rest of the country (myself included) and, with the help of World War II — we were able after the war to create the beginnings of a decent society. At the same time, almost all of the Europeans, having learned greatly from fascism and the war, replaced fascism with decent societies; for a while. Now, whether in France, Italy, Germany, or the UK, their governments are run by conservatives, who are sliding further to the Right, month by month, with the USA cheering.

Time is running out. We in the USA, must as soon as possible must seek out and bring to life a people's movement to reverse today's dangerous directions; make the USA "our" country: safe and sane, and decent. We must let it be known by politicians, as was done for a while in the 1930s, that to get in or stay in office they must work toward the needs of the majority not those at the top; must work against war, not for it.

There are great differences between the 1930s and now: then a large majority was in desperation; had not yet become borrowing, buying, and

TV bewitched. All too many of us have been suckers of Big Business. We must climb our way out of that dangerous ditch before it becomes fatal.

