

The Decline of American Empire

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The financial crisis is creating social crisis and pro-tests across the United States. Associated Press and Reuters informed that auction of foreclosed properties in the New York metropolitan area ...was protested by picketers who chanted: 'Evictions are a crime! It could be your house next!'" One of the protesters, Sharon Black, said she was in bankruptcy and hoping to save her Baltimore home. "These folks are profiting off the people's misery," she said. The protesters blamed banks for an epidemic of home losses and called for a moratorium on evictions and foreclosures. On tax day, April 15, thousands of people joined in "Anti-tax" protests held all over the US. Occupation of a Chicago factory by a group of laid off workers, unimaginable in the US, made international news. Protests by citizens in Sacramento also made news. These are, actually, creating challenges to the legitimacy of centres of power. All sections of the American society, other than the top minority, have been affected by this financial crisis which is unfolding protests latent below the surface of the society and which will follow the dynamics of the society. Establishment is aware of the possibility and is taking preparatory measures to curb social unrest. In the words of Rep. Ron Paul : "With the phony debt-based economy getting worse and worse by the day, the possibility of civil unrest is becoming a greater threat to the establishment. One need only look at Iceland, Greece and other nations for what might happen in the United States next." (*Daily Paul*, Sept. 2008). Zbigniew Brezezinski, former national security adviser has not ruled out the possibility of civil unrest in America as he said that the US is "going to have millions and millions of unemployed, people really facing dire straits.... [T]here is public awareness of this extraordinary wealth that was transferred to a few individuals at levels without unprecedented in America..." He continued to remark : "...hell, there could be even riots." It seems that America itself is not immune from "regime-threatening instability" as the Pentagon and the American intelligence community terms it. It is likely that the US establishment has not dismissed the worst-case scenario as reports come out in the media.

Problems in political machinery describe problems in the society. The opposite also. A confusing relationship among the ruling elites gets reflected in confusion and skirmishes in a political arrangement for rule. These problems do not jump in at the initial stage. They creep into and creep up. Incidents with political significance show this trend: (1) The Bush-Gore election stalemate and the legal mess that had to be untangled by a court verdict and the level of debate including the type of perforated hole in the butterfly ballot papers, as the *Time* and *Newsweek* (Nov. 20 and 27, 2000) reported: "hanging chad", "Swinging chad", "Dimpled" or "Pregnant chad". What would have been the comment by poll and political observers had similar incident occurred in a Third or Fourth World country? (2) The way one colonel carried on, obviously in collusion with a section of the political leadership at the top, the Irancontra business. How can an individual ignore a state policy? (3) The incident known as "the revolt of the generals" in 2006, in which half a dozen retired US commanders came out publicly against the management of the Iraq war. Does this speak of civilian leadership and its relationship with the military? (4) The recent budget problem in California during which government offices were ordered to keep closed for a certain number of days. (5) Does the Palme incident involving political leadership at the top show an extent of erosion? (6) Does the first time House rejection of the bail out plan show failures in cohesion among all segments of the ruling elites? (7) What does the surfacing up of the big corruption in New Jersey tell? What would have been the comments / observation by a First or Second World pundit in case of similar single incident in any of the underdeveloped country? The pundit would first have

quoted Shakespeare: Something is rotten in the state of Denmark and then: the state is in a state of decay. The incidents, a few of many, are symptoms of decay. A caustic tone could not escape Fareed Zakaria, not a voice on the left. He tells : "The problem today is that the US political system seems to have lost its ability to fix its ailments.... The US political system has lost the ability to accept some pain now for great gain later on.... As it enters the twenty-first century, the United States has developed a highly dysfunctional politics. What was an antiquated and overly rigid political system to begin with (now about 225 years old) has been captured by money, special interests, a sensationalist media, and ideological attack groups." Three questions, however, appear: why a political system in an advanced capitalist country with a few centuries of history and experience shows these and why today? Do these carry any significance? The ruling system is failing to resolve opposite pushes or pulls from within and from outside, from below.

Igor Panarin, a leading Russian political analyst and professor at the Diplomatic Academy of the Russian Ministry of Foreign Affairs said that the economic turmoil in the United States has confirmed his long-held view that the country is heading for collapse, and will divide into six parts: the Pacific coast, with its growing Chinese population; the South, with its Hispanics; Texas, where independence movements are on the rise; the Atlantic coast, with its distinct and separate mentality; five of the poorer central states with their large Native American populations; and the northern states, where the influence from Canada is strong. The reasons he cited for the break up were : "The financial problems in the US will get worse. Millions of citizens there have lost their savings. Prices and unemployment are on the rise. General Motors and Ford are on the verge of collapse, and this means that whole cities will be left without work. Governors are already insistently demanding money from the federal center. Dissatisfaction is growing, and at the moment it is only being held back by the elections and the hope that Obama can work miracles. But by spring, it will be clear that there are no miracles." He also cited the "vulnerable political setup", "lack of unified national laws", and "divisions among the elite, which have become clear in these crisis conditions." He said in an interview with the daily *Izvestia* last year: "The dollar is not secured by anything. The country's foreign debt has grown like an avalanche, even though in the early 1980s there was no debt. By 1998, when I first made my prediction, it had exceeded \$2 trillion. Now it is more than 11 trillion. This is a pyramid that can only collapse." The paper said Panarin's dire predictions for the US economy, initially made at an international conference in Australia 10 years ago at a time when the economy appeared strong, have been given more credence by this year's events.

The changing environment – economic, social, political, geopolitical, and ideological – is putting impression on the psyche of the people. A new US poll taken in early April (2009) astonishingly shows that US adults under 30 are approximately evenly divided on the question of socialism-versus-capitalism. According to a telephone poll by Rasmussen 33 percent of the under-30s prefer socialism, 37 percent prefer capitalism, and 30 percent are undecided. In the population as a whole, the poll found that 53 percent believe capitalism is better than socialism; twenty percent opt for socialism and 27 percent are undecided. The significant aspect of these results is that they have appeared in a society which for decades has been bombarded on a daily basis with anti-communist and anti-socialist propaganda from virtually every major radio, television, newspaper, and political source. Is it the sign of a changing mass psychological map?

FAILURES IN FINANCE

Tom Philpott informs (*Global Research*, Feb.1, 2009): Adm. Michael Mullen, chairman of the Joint Chiefs, ranks the financial crisis as a higher priority and greater risk to security than the wars in Iraq and Afghanistan. "The scope of it is, to me, mind-

boggling," said Mullen in an interview with *Military Update* just hours before President Barack Obama made his first visit to the Pentagon as commander in chief. The amount [of the bail out plan] nearly matched last year's defense budget, Mullen noted, contrasting the speed of that action to the long, detailed process of setting military requirements, debating programs and passing a defense budget. "I've been concerned and remain concerned about the impact of this on security," he continued. "It's a global crisis. And as that impacts security issues, or feeds greater instability, I think it will impact on our national security in ways that we quite haven't figured out yet". It is only one aspect. The "story" of the financial crisis is now much told: mountains of liquidity seeking higher profit, lack of profitable outlet other than speculation, and thus flow of huge amounts of capital into the subprime mortgage and toward weak borrowers of all types in the United States, in Europe, and, to a lesser extent, around the world. The average US home appreciated at 1.4 percent annually over the 30 years before 2000, the appreciation rate roared forward at 7.6 percent annually from 2000 through mid-2006. From mid-2005 to mid-2006, amid rampant speculation in the housing market, it was 11 percent. The US manufacturing was twice as large as the financial sector of the US GDP in 1970. This reversed: the financial sector turned 21 percent of US GDP, while manufacturing was just 12 percent, and was shrinking. What was the mantra behind the growth of the financial sector to such juggernaut size? Capital was not happy with the profit from the manufacturing job. So, it went to speculation. Trillions of dollars were playing around. Then, came the melt down. The victims were in the Main Street, not the CEOs or the billionaires. The full magnitude have been expressed by Barry Ritholtz, who states that the bailout plan amounts to a sum of money that is superior to the Louisiana Purchase, the New Deal, the Marshall Plan, the Apollo Lunar Project, the Korean War, the Vietnam War, the invasion of Iraq and other large government expenditures—combined (!).

Milton Friedman and Anna Jacobson Schwartz argued in *A Monetary History of the United States: 1867-1960* : the underlying cause of the Great Depression was not the stock-market crash but a "great contraction" of credit due to an epidemic of bank failures.

In late 1930, 608 banks failed. By January 1932, 1,860 banks had failed. The present financial crisis is not of that type, even if their argument is accepted for the time being for the sake of a comparison. The capital involved in the present crisis is different from that of the '30s; the present one is monopoly-finance capital, as Sweezy, Magdoff and Foster showed in their works done since longtime, with its own characteristics. On the other hand, the US current account deficit is at dangerous level—which in 2007 reached \$800 billion, or seven percent of GDP—was supposed to be unsustainable at four percent of GDP. The income gap, an act of the monopoly-finance capital, is increasing.

Why the economy, the basic structure that shapes the superstructure including politics, society, diplomacy, etc., produces this capital that brings catastrophe in the entire economy and in the entire world economy, and that pushes millions, not only in the US, but also all over the world, to uncertain life with shattered dreams while plays with speculation? Can an empire sustain and carry on its business throughout the empire and expand for indefinite period with the dominance of this capital while competing forces in the world stage are emerging? Answer to the question will provide the trend the Empire will be having. Aurangzeb's expeditions were not show of strength, were show of urgencies of the Mughal Empire that ultimately fell in great confusion before its fall, and the Empire's fall began during Aurang-zeb's reign. These two empires are not to be compared, but the pace of history is to be looked; it is not evenly paced, not always having the same speed and force. And, this is not the end of capitalism or of the Empire. The present financial crisis will be over. Stock markets will turn vibrant. But, the

stagnation in the economy will not leave and create bigger crisis with more force before giving way to a qualitative change.

OPTIMISM

Despite all the signs of decline in the basic- and super-structures there is optimism. To Fareed Zakaria "US military power is not the cause of its strength but the consequence. The fuel is the United States' economic and technological base, which remains extremely strong. The United States does face larger, deeper, and broader challenges than it has ever faced in its history, and it will undoubtedly lose some share of global GDP. But the process will look nothing like Britain's slide in the twentieth century, when the country lost the lead in innovation, energy, and entrepreneurship. The United States will remain a vital, vibrant economy, at the forefront of the next revolutions in science, technology, and industry."

And, despite the looming darkness of the declining trend, despite the sufferings of the millions major portion of the corporate media gets busy with a video of a sports reporter, a female, and thus exposes the unresponsive character of the economy that controls the media; despite emerging basic questions in the hall of history lobbyists are active in Washington DC as, quoting from a news report, a consultant said: "The three-martini lunch is out, but the power lunch is still on," On the 19th Street business is off "a little bit. Instead of a \$150 wine, they might order a \$100 bottle, but other than that, it's pretty much status quo." But status quo is not there as socio-economic process does not know status quo, and indulgence with power blinds empires. The world is more dangerous now as the sole superpower refuses to recognize the limits of its power, fails to address the fundamental causes of contradictions in the body politic and in the body society in the periphery because of its historical limitations, but retains the ambitions it had even in the later part of the last millennium. □□□