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## CHAPTER 19

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### AMERICAN HISTORY LESSON

*"Democracy is the theory that the common people know what they want - and deserve to get it good and hard!"* H. L. Mencken

*"Civilization is a parasite on the man with a hoe."* Will Durant, *The Story of Civilization: The Reformation*, New York: Simon and Schuster, 1957, p 752

*"Every nation has the government it deserves."* Joseph de Maistre, Letter to X, 1811

Any discussion of causes for the collapse of an empire and threats to civilization would be remiss if it did not include an analysis of what's happening right now to the American Empire. That is the subject for this chapter. The risk in describing a current event is that it will inevitably lack perspective, and it is fraught with the temptation to insert opinions instead of facts. I have tried to prevent this chapter from becoming a "political rant" but I know it still has that flavor. Forgive me for caring passionately for my home country.

America went from being the world's biggest lender nation (peaking in 1981) to the biggest debtor nation in less than 2 decades (passing from creditor to debtor in 1984, during Ronald Reagan's presidency). When this happened, accompanied by a host of other troubling changes, everyone should have been asking "why." Interesting forces must have been at work to account for such a switch. Can these forces be understood well enough to assess the possibility that America's economy and stature as an empire are on a path to collapse?

This chapter reviews American history with frequent reference to two theoretical sub-themes. My hope is that the two theories will be supported so convincingly that when my historical review arrives at the "present" I can use the theories to extrapolate America's future.

#### **Theory 1: Review of Group Selection Theory**

This section will review Chapter 11's discussion of a sociobiological group selection theory used to account for changes in individual behavior as conditions fluctuate between war and peace. It serves as essential background for understanding a trend in America that began in the 1980s.

One enduring principle of evolution is that the strong rarely miss an opportunity to exploit the weak. The exceptions are few, but significant. The strong refrain from exploiting the weak in three situations: 1) when related individuals are involved, 2) among friends with a history of reciprocal relationships, and finally 3) when one's

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tribe is at war with a rival tribe this exploitation is rare for intra-tribal interactions. This last situation was described in Chapter 11 in great detail, and it will be reviewed here because it is a crucial ingredient for understanding America's current predicament.

When a tribe is at war with a neighboring tribe individuals are "programmed" to act altruistically by becoming unquestioning patriotic warriors. Individuals also refrain from any intra-tribal behaviors that are likely to weaken the tribe, and jeopardize the outcome of the ongoing conflict. Any tribe in which this does not happen cannot survive, so through a "group selection" way of thinking we expect that all tribes that survive in such an environment will consist of individuals that act this way.

After the tribal conflict is resolved, perhaps with one tribe achieving decisive victory over its rival, inter-tribal relations will be peaceful. The victorious tribe may in fact achieve such overwhelming dominance over its newly enlarged realm that it can be called an empire. During this prolonged interlude of peace the need disappears for patriotic altruism. There is also diminished need for intra-tribal good behavior since the overall strength of the tribe will not affect the survival of its members. The intra-tribal component of this theory can be summarized by stating that there are rewards for *genes predisposing for intra-tribal niceness* during warfare and there are rewards for *genes predisposing for intra-tribal nastiness* during peaceful conditions.

Since the alternations between war and peace and war, etc., can often be shorter than a lifetime, which is much too short for gene pools to evolve, human brains must be pre-wired to produce these condition-based behaviors. This pattern for human behavior is supported by game theory simulations (Choi and Bowles, 2007) and also a careful re-reading of recorded history (Turchin, 2007). In order to understand its relevance today I need to review how it came about at the transition between human pre-history and recorded history.

### **Pre-History Lesson**

Humans must have lived in tribes for millions of years. Chimpanzees live in their version of tribes, and they wage war with their neighbors, so it is not unreasonable to assume that humans have lived this way since the time of the human/chimpanzee split, about 6 million years ago.

The size of human tribes was probably limited by a nomadic lifestyle as well as hunting and gathering conditions, with numbers probably in the 20 to 50 range (chimpanzees live in troops of about 10 members). Group selection pressures are probably insignificant for such small tribes. Like chimpanzees, where males often join neighboring troops, an individual's fate is not determined as strongly by the fate of one's tribe when it is small.

Probably sometime about 50,000 years ago, when tool making became a full-time occupation for a designated artisan in most tribes, and when division of labor for other tribal tasks may have begun, the size of human tribes must have grown. Tribal

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cohesion would have greater rewards when this interdependence of membership was important. A tribe could only sustain a large size when it had specialized roles. And large tribal size was important when tribes engaged in warfare. Whereas small tribes had been organized “democratically” these larger tribes needed coordinated leadership to respond effectively during inter-tribal warfare. I envision that tribal size was in the 50 to 150 size range from about 50,000 years ago until the end of the Pleistocene (12,000 years ago). A tribal chief may have been identified for directing warfare; during peaceful intervals the “chief” may not have had especially important privileges, and decisions may have been made democratically.

During the Holocene (starting ~12,000 years ago), which is an inter-glacial with a warmer climate, there were new opportunities for supporting large tribes. Agriculture was one path to growth, and marauding agricultural communities was another. Inter-tribal warfare may have been more frequent and the fate of individuals may have been tied more to the fate of one’s tribe. An intuitive understanding of “all for one, and one for all” would have been an asset for all tribal members. Greater powers would have to be given to the tribal chief, who may have recruited his favorite and most loyal companions to help him during battle and maybe during peaceful interludes. The democratic form of coordinating tribal activities would yield to a more “leader controlled” tribal structure. During the Holocene, as some tribes thrived and others were decimated, there would emerge a new tribal structure in which a strong leader could count on the loyalty and obedience of the others. Any tribe that embraced individual rights and a deliberate process of reaching a consensus before taking any action would simply disappear.

### **Theory 2: Emergence of Strong Central Leadership During Holocene**

Feudalism was a form of social organization created to offer protection of workers (peasants) by warriors who took their direction from powerful, land-controlling rulers (kings) whose claim to power is based on their past performance as a warrior. The king acted as if the land belonged to the kingdom that he ruled. He allowed the peasant farmer to cultivate a portion of land in exchange for a tax on the produce and sometimes an obligation to join with warriors when called upon to defend the kingdom. This arrangement was made necessary by the incessant threat of marauding bands.

Since it is “the man with the hoe” where almost all production begins there is a sense of unfairness inherent in feudalism. The warrior is not a producer, nor is the king and his cronies. The peasant producers resemble a herd of cattle who are protected because they provide sustenance for their keepers. It would probably be fair to say that the poor peasants are exploited by those with power.

But for the powerless peasant the deal may have been good, even though there was no alternative. By himself he couldn’t protect his storage of crops, so a tax on them in exchange for security seemed fair. The land he tilled couldn’t be protected from stronger neighbors in search of greater production, so the arrangement of tilling an agreed upon portion of the king’s land was a safe alternative. The underlying worry

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that kept the peasant in his place was fear; the fear of marauders, the fear of invasion by neighboring kingdoms and the fear of intimidating take-over by his nearby fellow peasants. As long as this quasi-enslaved peasant worked hard he can count on surviving.

The willing peasant was helped by having the slave's mental attitude. Were he to rebel, as some surely did, the alternative lifestyle would have been risky and he would have had fewer grandchildren. Inexorably, over 12,000 years, a peasant class of men evolved who instinctively accepted this feudal social order.

Feudalism has appeared in many cultures, so the readiness to form a feudal society could almost be called a "human universal." Feudalism involves two mutually-dependent populations: the masses of semi-enslaved, semi-impooverished peasants and the minority of wealthy leaders and the defenders that they command. We should not be surprised to find in 21<sup>st</sup> Century men a residue of readiness for these two attitudes and a feudal form of governance.

### **American Revolution**

The Founding Fathers of America were fed up with England's overbearing rule. King George III tried to extract money from the American colonies. When colonists objected to his excessive taxes he was enraged by their disobedience and believed they should be dealt with harshly. The "Tea Act of 1773" unfairly favored the monopoly power of a British company, the East India Company. The pattern of King George's dealings with the colonists was clear, and there was no hiding the fact that the colonists were being exploited in order to favor the monarchy and a large British company. King George over-played his hand and eventually lost everything at the conclusion of the American Revolutionary War in 1783 (he was later called "the king who lost America").

Thomas Jefferson, the primary author of the Declaration of Independence (1776), wanted America to be an experiment in democracy. He had no use for "allegiance to a monarchy." Amazingly, some colonists preferred to be ruled by King George III. They were referred to as "royalists" and also "conservatives" since they wanted to "conserve" a monarchy form of governance.

Jefferson and Alexander Hamilton had a long-standing disagreement about the ability of ordinary people to sustain a democratic form of government. Jefferson believed that educated people could be trusted to govern themselves wisely, and that eventually the world would rid itself of monarchies and dictators. Hamilton called this wishful thinking because he believed human nature lacked the requisite wisdom to sustain a form of democratic self-governance.

The Constitution was written (1787) with safeguards against abuse of power. For example, it included a ban on monopolies in commerce (prompted by their experience with the East India Company). Many of its provisions were aimed at preventing a repeat of the abuses suffered under the British monarchy. The creation

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of three branches of government was supposed to achieve this. The Constitution can be viewed as a reaction to a history of only monarchies and dictatorships stretching back 2000 years to the first great experiment with democracy in Greece.

### **19<sup>th</sup> Century America**

If history is viewed as a swinging back and forth between power of the wealthy and power of the people, then late 18<sup>th</sup> Century America was surely a swing toward the latter. However, the late 19<sup>th</sup> Century had an opposite swing. After the Civil War (1861-1865) some businesses grew powerful enough to influence the US Congress, and undermine the moral attitude of the executive branch. This time is referred to as the American “Gilded Age.” When it was in full swing (1877 to 1893) extravagant wealth for the few contrasted with poverty for the many. The most memorable wealthy few are referred to as “robber barons” (*e.g.*, Rockefeller, Vanderbilt, Carnegie and Morgan). They manipulated the federal government in ways that benefited them greatly, with no regard for the workers who sustained their enterprises. The government was too weak and unmotivated to prevent unethical financial manipulations. Labor abuses led to uprisings and the beginning of unions. This movement ushered in a “progressive era” (1896 to 1920). Slow progress was made in the areas of worker’s rights (*e.g.*, child labor laws) and reversing other social injustice issues (*e.g.*, women’s right to vote).

### **The Roaring Twenties**

The 1920’s decade has so many take-home lessons that are relevant for this chapter that I will give it plenty of attention. As this section illustrates, history does repeat itself!

The Progressive Era is partly responsible for the booming economy of the 1920s. The Roaring Twenties was a time of unleashed creativity, leading to many inventions, new businesses, and advances in literature, art, music and entertainment. America’s image of itself is that this is where any entrepreneur could prosper and achieve the American Dream. The optimistic belief that prosperity was in store for everyone overshadowed the growing disparity of wealth between the rich and the middle class.

President Calvin Coolidge (1923–1929) was naively optimistic about the economy as he proclaimed “The business of America is business.” But the so-called “Coolidge Prosperity” had not benefited everyone. The disparity between rich and poor grew throughout the 1920s. By 1929 the top 0.1% of Americans had a combined income equal to the bottom 42% (Brookings Institute, 1981). Businesses were not regulated sufficiently. Businesses, it seems, never ask to be regulated. Speculation in the stock market was viewed by those who had money to invest as the path to greater wealth. The stock market was also not regulated sufficiently.

On October 24, 1929 the stock market “crashed” and in 3 weeks had plunged 40%. During the ensuing Great Depression the unemployment rate reached 25%.

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According to Gusmorino (1996) “The federal government contributed to the growing gap between the rich and middle-class. Calvin Coolidge’s administration (and the conservative-controlled government) favored business and as a result the wealthy who invested in these businesses.” He goes on to write “...the Revenue Act of 1926 ... reduced federal income and inheritance taxes dramatically. ... In effect, [a wealthy person] was able to lower federal taxes such that a man with a million dollar annual income had his federal taxes reduced from \$600,000 to \$200,000.”

Sound familiar?

The Reagan to Cheney administrations resemble the Coolidge administration. There are other resemblances, and since this will play an important part of this chapter’s argument I will use the rest of this section to paraphrase key points in an article by Gusmorino (cited above, also at <http://gusmorino.com/pag3/greatdepression/>). All quotes in the rest of this section are from Gusmarino.

Productivity increased 32% during the 1920s whereas wage earners only saw an income increase of 8%. “... the bulk benefit of the increased productivity went into corporate profits...” “It was not that the surplus products of industrialized society were not wanted, but rather that [the poor could not afford to buy them, whereas] the wealthy were satiated [after] spending [only] a small portion of their income.”

“Throughout such a period of imbalance, the U.S. came to rely upon two things for the economy to remain on an even keel: credit sales and luxury spending and investment from the rich.” “One obvious solution to the problem of the vast majority of the population not having enough money ... was to let [them] buy products on credit. The concept of buying now and paying later caught on quickly. By the end of the 1920’s 60% of cars and 80% of radios were bought on installment credit. ... Installment credit ... created artificial demand for products which people could not ordinarily afford.” At the time of the crash “80% of Americans had no savings at all.”

Sound familiar? (The marketplace reinvented credit purchasing to maintain corporate sales after President Ronald Reagan started busting unions, causing workers to lose purchasing power – as described by Thom Hartmann on his radio show.)

“While America was prospering in the 1920’s, European nations were struggling to rebuild themselves after the damage of war.” The US had loaned European nations over \$7 billion during the war, and during the 1920’s the rate of loans rose to \$1.25 billion per year. “Of these funds, more than 90% were used by the European allies to purchase US goods.” One wonders if US corporations were looking for markets to supplement the dwindling buying power of Americans and cleverly influenced the government to subsidize them through a good-sounding scheme of foreign aid.

After the crash “the middle-class and poor stopped buying things with installment credit for fear of losing their jobs and not being able to pay the interest. As a result, industrial production fell...” (If Americans were smart they’d start doing this now.)

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Want to hear a sanitized version of what caused the crash? Economists (whose infamous adherence to the idiotic model that “individuals are guided in their personal decisions by rational thought” should discredit most of what they say) tell us that “The Federal Reserve kept the money supply tight, because they feared the runaway inflation that they saw devastating postwar Germany. So they over-corrected. They should have let the money supply increase slowly. And the other cause was the Hawley-Smoot tariff act, which was protectionist. The word that the US was about to tax foreign imports spread globally and caused other countries to erect trade barriers, so everyone suffered from the loss of trade.” (Tom McDonough, private communication)

Before proceeding with a recapitulation of the 1930’s recovery I want to highlight what I think is the take-home lesson of what happened to the economy of the Roaring Twenties. When corporations earned large profits they didn’t share them with workers. This led to a shortage of people who could afford to buy those products. The demand for products was there, but the ability to pay for them was not. The marketplace was creative, however, for it promoted installment credit purchasing. This stratagem had the temporary effect of maintaining purchases and corporate profits. But optimism, based on years of a booming economy, kept people from recognizing that the economy was really unstable and prone to failure, until it actually failed.

No single company can be blamed for the crash. Most of them behaved in their short-term interest, oblivious to the possibility that they were “killing the goose that lays the golden egg.” A better metaphor for the tragedy that’s possible when everyone pursues their self interest would be Garrett Hardin’s “Tragedy of the Commons.” In his 1968 article Hardin describes a hypothetical situation of a pasture that is grazed by many flocks of sheep; each flock owner is faced with the decision of whether to add more sheep to his flock. From the owner’s perspective adding one sheep to a flock increases his income by an amount proportional to his flock size increase. Since each owner thinks the same way they all can be expected to increase their herd size. At some point the pasture’s capacity is exceeded, and starts to become over-grazed. Still, it makes sense for each flock owner to add one more sheep because the increment of overgrazing from an additional sheep is small (being proportional to the total of sheep grazing) whereas the benefit is proportional to the increment of the owner’s flock size. Eventually the pasture is not suitable for any sheep, and all sheep die. The lesson from this hypothetical exercise is that it is in the long-term benefit for all flock owners to come together to create an agreement concerning each person’s behavior so that all may continue to benefit from the pasture’s potential. If we apply this lesson to the companies in the 1920’s they should have been regulated by a government that brought them together to formulate a behavior that would promote financial survival of them all, as well as any other social benefits – such as the welfare of American society. In other words, market forces cannot be trusted to fix all problems, and government is sometimes needed to provide solutions. Government is not “the enemy” – it can be the solution. This lesson was either forgotten during the Reagan administration (1981–1989), or it was intentionally ignored for the short-term gain of corporate leaders with inexcusable disregard for societal welfare.

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There are so many parallels to the present American economy that I had goose bumps while reading parts of the Gusmarino article.

The underlying “human universal” that accounts for this sad episode in American history is that humans are capable of short-term greed; when the rich have the opportunity to exploit the weak, they will.

### **The Great Depression**

When Herbert Hoover accepted the Republican party’s nomination for President (1928) he declared “We in America today are nearer to the final triumph over poverty than ever before in the history of any land. The poorhouse is vanishing from among us.” In his inaugural address March, 1929 (just 7 months before “the crash”) he continued this happy talk with “Ours is a land rich in resources; stimulating in its glorious beauty; filled with millions of happy homes; blessed with comfort and opportunity.” It is likely that he believed his speeches. After all, “on the surface” the economy was booming. But the waters were deep, and turmoil was rising inexorably to the surface.

After the crash Hoover reassured America that the economy was sound. This is what leaders say when things falter. They’re not simply trying to comfort their suffering followers, they probably actually believe their optimistic pronouncements. After all, their beliefs are like a religion, and it’s unthinkable that their religion could be wrong. Hoover’s religion was Republicanism, or conservatism, which has at its core the idea that as long as the wealthy aristocrats prosper the rest of the kingdom will be OK. It’s what today is called “trickle down” economics. The mechanism by which this trickle down is supposed to occur is called a “free market.” Only someone with religious fervor could believe that the free market will solve all problems. As Hoover repeated, we just have to wait for market forces to right our economy.

Homelessness swelled as bank failures wiped out savings and unpaid mortgages led to foreclosures. Some people lived in old crates and shacks called shantytowns, which were also referred to as “Hooverilles” as a bitter reference to the fact that Hoover refused to give government assistance to the unemployed. He repeated his belief that the economy was sound and that public confidence would soon lead to business investments and job creation. But why should a business expand production when their warehouse was full of merchandise that no one could afford to buy? When this didn’t seem to work Hoover tried raising taxes thinking that a balanced federal budget would help. But this strategy only made things worse because it reduced discretionary income, as anyone should have predicted. Hoover refused to believe that it was right to help people outright because that would undermine their self-reliance. Everything Hoover tried failed because he only tried things that were compatible with his conservative economic principles.

Again, we should be reminded of the great Holocene experiment that favored men who embraced a concentration of power at the top of the super-tribe. The king knows best, especially during inter-super-tribe conflicts. During peaceful interludes the



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notion of kingly infallibility was turned to a feudal economic order for society, as if recovering strength for the next challenge from beyond the kingdom's borders. Human evolution is slow, and royal abuses of power may not have been checked by mutations within the genome or the meme belief systems. I like to view people as inclined to embrace one of the two major approaches to how a society should govern itself. The original idea is that everyone should be involved in reaching a consensus (e.g., the Japanese management style). The other is that decisions should come from above, from leaders, from the gods! Little people should not question the gods, nor should they question the king.

I have no doubt about **my** inclination! The king's infallibility is as much an illusion as all the gods that humans have invented. Both repositories of wisdom are "imposters" – dangerous, malicious imposters. I also have little faith in the consensus form of governance, for the same reasons as Alexander Hamilton. Most humans lack critical thinking skills; they latch onto whatever beliefs they are guided to by genetic predisposition and tribal taboos, and they behave in ways that are a confusion of what was adaptive in the ancestral environment and what seems to make sense within a modern paradigm.

Hoover's inclinations are obvious; he was so Republicanized that during his term as president the market forces he believed in, the ones that he interpreted as signifying a fundamentally "sound economy," just kept making things worse. Most of the world was also in its own economic depression, thanks to World War I and minimal real help from America. Consequently, in America's time of need there was no one to help. (I'll come back to this point in a later section.) Hoover was "king" and he had no answers. The deepest depression year was 1933, when Hoover left office and Franklin D. Roosevelt (FDR) took over as president.

It is ironic that FDR was born into aristocratic wealth. His outlook should have been like Hoover's. But maybe he had the pre-Holocene genes that distrusted concentrated power. Or maybe his personal experience with "polio" changed his outlook, and sensitized him to the suffering of others.

FDR showed that government, when properly used, could be "the solution" just as starkly as the previous administrations showed that government could be "the problem." If government didn't try new things then unchecked market forces would simply continue grinding down the little guy and a continuing depression would bring the American experiment in democracy to an end. The common theme of FDR's "New Deal" was a shift from serving big business to serving working-class people.

FDR moved quickly to impose overdue regulations on banks and the stock market. Minimum wage and maximum work hour laws were passed (June, 1933). Jobs were created by the government under the Works Progress Administration (WPA). The Social Security Administration was created in 1935 to provide a minimum of financial assistance during retirement, unemployment or disability. Labor unions were treated with less hostility than during the Republican administrations. Other

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public works were created, such as the Tennessee Valley Authority, which not only created jobs they also improved living standards in the rural areas surrounding the TVA. Banking was made safer by his creation of the FDIC. Throughout all these massive government initiatives FDR was concerned about federal budget deficits. This concern made him somewhat cautious, but a growing resentment by Republicans put the brakes on his innovative programs starting in his second term (1937).

There is still argument about the role of FDR's progressive programs being responsible for bringing America out of depression. There was an economic recession in 1937-1938, which is cited by conservatives as evidence that government stimulation of the economy doesn't work; but a better explanation is that this recovery reversal was caused by political pressures that forced FDR to increase taxes and cut federal spending in 1936-1937. Another argument used by conservatives is that recovery wasn't achieved by FDR policies because full recovery didn't occur until World War II. But this argument in fact supports what FDR was trying to do, and the war merely gave the government justification for the large stimulative effect of deficit spending which is what FDR would have done if the conservatives hadn't resisted him prior to the Pearl Harbor attack. Therefore, anyone who argues that government stimulation measures didn't produce the recovery from the Great Depression because recovery occurred due to World War II is unknowingly arguing for the effectiveness of government stimulation for causing the recovery!

FDR provided strong leadership to a nation in economic crisis that might otherwise have floundered and faded from world relevance amid starvation and misery. His hopeful, moderate policies also prevented people from flocking to the American fascists and communists, who could have created a dictatorship. Where Hoover was a weak leader who was clueless about what to do, FDR understood the essential nature of what had to be done and he was persuasive in getting on with needed changes. Part of FDR's persuasiveness was his ability to appeal directly to working people, to allay their fears, nurture hope and renew national optimism. This is called "leadership." The entrenched business community hated FDR, and resisted his programs as strongly as they could. Even some of FDR's friends from the aristocratic wealthy class called him a traitor. FDR achieved success by switching government's main mission from partnering with business to partnering with people. And under FDR "We the people" usually prevailed over wealthy conservatives who resisted people policies.

### **Theory and Reality During the 1920's and 1930's**

Let's pause for a moment and consider if the Roaring Twenties and the Great Depression are compatible with the two theories that are an underlying theme for this chapter.

The 1920's were a time of peace following a world war. According to Theory #1 patriotic altruism during the war years should have been replaced by the pursuit of individual fulfillment during the following peaceful years. A frequent theme of

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1920's social commentary is that individual liberation and the pursuit of pleasure became tiresome; a purposeless life emptied the soul of meaning. Ennui and aimlessness, amid hedonistic diversions, pervade the literature (e.g., *The Great Gatsby*). The new rich felt no social obligation for others. This, indeed, is what Theory #1 predicts should have happened during the 1920's.

The 1930's somewhat resemble a time of war, when most people are suffering as if besieged by an outside enemy. Compassion is rediscovered; those for whom food and housing are scarce receive help from those better off (but only from the residual of the middle class, for prospering wealthy people were inclined to ignore other people's suffering). FDR tapped into a groundswell of dissatisfaction with the *laissez-faire* policies of the previous decade when he appealed in 1933 for people to vote for a leader who will ask for sacrifice from those who are "able to help" lend a hand to those who are unable to help themselves through no fault of their own. This altruistic response to a national need is what Theory #1 predicts.

Theory #2 also fares well when comparing these two decades. During the 1920's regulations were lax and the strong took advantage of opportunities to exploit the weak. Business influenced government, creating a partnership that was so obviously corrupt that muckraking journalism had a "field day" exposing it (e.g., H. L. Mencken). If corporations could have installed a figurehead king to rule over America they would have done it. The wealthy aristocrats would have welcomed an American counterpart to King George III in order to more efficiently enslave workers and dominate world commerce.

During the 1930's FDR might be likened to a king, considering his expansive use of executive power to make bold changes. FDR might even be described as a beneficent dictator. However, FDR respected the powers of the other two branches of government, which did at times deal him defeat. More importantly, FDR worked to move wealth and power from the wealthy few to the many in poverty. Since his actions had the sanction of most Americans, it is fairer to say that FDR returned the country closer to the pre-Holocene tribal democracy in which decisions are made by consensus.

### **The 1940's**

The American involvement in World War II technically began when Japan bombed Pearl Harbor (1941). Years before this event FDR was concerned about the looming war in both Europe and the Pacific but he was unable to mobilize the American people to prepare for it. Massive war spending that began in 1942 gave a boost to employment and the economy generally. Factories that had been building cars at a slow pace swiftly switched to producing tanks for which there was unlimited demand. (With "full employment" the WPA and other employment programs were discontinued.) War material was shipped to the British (under the Lend-Lease Act) before America was officially at war with Germany. FDR did not require payment for these shipments, which contrasted with the way Coolidge pretended to help European

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countries during the 1920's. FDR died April, 1945, a few months before the Allies won the war.

The Democratic Party dominated American politics from 1933 until about 1968, thanks to the effectiveness of FDR's three presidential terms of office during the first 12 years of this period. The middle class prospered throughout the 1940's, 1950's, 1960's and 1970's, and FDR can take credit for that too.

### **The 1950's**

I have first-hand knowledge of America starting in the 1950's, for I started college in 1957. My family was middle class and I recall the excitement of getting a television, a new family car every few years, and a general sense that society was stable. The Cold War was always in the background of our thinking, and the ever-present concern about atomic war with Russia caused people to have a more sober and serious demeanor. Sputnik prompted the University of Michigan to offer an Honors Program to help catch up with the Russians in space technology, which I took advantage of.

Some of my college reading assignments accused my generation of being disengaged from social issues and political activism, and being overly concerned with individual pursuit of material wealth. We were accused of being too willing to wear a "gray flannel suit" and work obediently for a large company. In retrospect this was merely the quiet before the storm, which was unleashed in the next decade.

### **The Sixties**

"The Sixties" is sometimes defined as 1963 to 1973. I'll treat the beginning as 1960.

General Dwight Eisenhower was courted by both the Democratic and Republican parties before he decided to run as a Republican (1952). The Eisenhower administration (1953-1961) has stood the test of time. He was experienced in assessing intelligence reports, and he correctly assessed Soviet missile capability as less of a threat than popularly believed. He launched the Space Race with Russia by establishing NASA (1958). He also initiated the building of a national freeway system (in case the military were to need it).

Eisenhower was not the traditional Republican, since he embraced much of FDR's New Deal. He expanded Social Security coverage and established the Department of Health, Education and Welfare. He enforced school integration, prevailing over the resistance of the Arkansas governor (1957).

In the 1950s the president of General Motors captured the essence of how to promote corporate interests when he said "What's good for General Motors is good for America." Perhaps this famous quotation influenced Eisenhower as he wrote his 1961 televised speech about the military/industrial complex. (The original text for this speech used the more appropriate but awkward phrase "military-industrial-

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congressional complex”) He feared that large industries that serve military hardware needs would have so much influence over the government that they would dictate spending decisions without being held accountable to voters. By this time American corporations had been growing for two decades, and they might have been emboldened to explore the limits of their growth potential. One of those limits for factories is the cost of labor. At this time workers were feeling pretty good about their prosperity, thanks to laws that protected unions. A collision was unavoidable, and the tumultuous Sixties were when it occurred.

If Eisenhower were alive today he would expand his military/industrial complex fear to include the influence of all large corporations, not just the military ones. Large corporations share the same “personality” by making opportunities that benefit them at the expense of anyone else sucker enough to subsidize them. The new industries to fear include pharmacy, health, insurance, banking (including credit), mortgage lenders – and others (discussed below).

The presidency of Jack Kennedy (1961-1963) symbolized the rising influence of a younger generation, a passing of the torch of power from an older generation (Eisenhower) to a younger one. Eisenhower would always be General Eisenhower, the man who led the Allies to victory in World War II, while Kennedy was all about future possibilities. Lyndon Johnson’s presidency (1963-1969), which began after Kennedy’s assassination, succeeded in passing many of Kennedy’s progressive policies.

I recall remarking to a friend in the mid-1960’s that this time would be remembered as the best of all times in both American and world history. America was prosperous, the Cold War had not produced a nuclear holocaust, and there were indications that in the future American society might coarsen and become unstable. I believe that subsequent history has confirmed my assessment.

Prosperity in America just kept growing after World War II. Babies born after the war were raised by parents who remembered the Great Depression and wartime sacrifices, and they vowed to save their children from these deprivations. There was a temptation to “spoil” the children, and those born between 1945 and 1950 were college age starting in 1963. It is more than a coincidence that this is when college age students exhibited an excess of irresponsibility, a mocking of their parent’s work ethic and a rebellion against conformity. Drugs, hanging out, mocking society and protesting anything embraced by the Establishment created a generation gap like no other.

Gone were the accusations hurled at my generation, those born just before the war and during, that we were too quiet and disengaged from public affairs, or that we were preoccupied with material wealth, or a desire to work obediently as a Company Man. I was fascinated by the undisciplined, free-thinking lifestyle of those just a few years younger than me. The questioning of authority, and especially the government, became a constant irritant for the Establishment, comprised of a generation that came immediately before mine.

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Being in that transition generation, between those older than me in the Establishment and the younger hippies, predisposed me to see both sides of the arguments. I continued my work on the space program with NASA government “establishment” funds while socializing with some of the hippies. My sympathies were divided, for although I could not endorse irresponsible lifestyles I nevertheless agreed with the younger generation about one of the most important things that irritated them: a compulsory draft that forced peace-loving young men to take-up arms for killing foreigners who didn’t threaten America. The entire Vietnam War struck me as immoral. The so-called “domino theory” neglected nationalism considerations, borne out by subsequent events, so one alternative explanation that I found attractive was that the war benefited the military-industrial complex.

It is probably always true that whichever “class” in a society is favored by the greatest growth of wealth, that class will increase its influence in changing the society. During the Sixties, as before, the middle class grew in wealth and influence, and it is natural that this would scare the Establishment. Other things besides losing influence must have scared the Establishment; the very stability of society appeared to be threatened. Just consider that political assassinations felled Jack Kennedy, Martin Luther King and Bobby Kennedy. The disenfranchised of society rioted in Los Angeles, Newark and Detroit. Whereas during the Great Depression there was cause for concern over the country’s survival due to an economy that seemed resistant to cure, during the late Sixties there must have been the same concern that was instead based on growing social instability.

This concern over social instability may have been a factor in the election of the first true Republican since Herbert Hoover, Richard Nixon. He was elected president in 1968, the year of the aforementioned race riots and assassinations. Nixon promised to end the war in Vietnam and achieve social stability by restoring “law and order.” Barry Goldwater had sparked a resurgence of interest in reviving Republican control of government 4 years earlier, but when he campaigned (1964) the hippy/Establishment culture war had only begun and was not a paramount issue for voters. Goldwater rejected the New Deal progressivism that had brought America out of the Great Depression. Although Nixon won the election largely over a desire to end social instability, he was also a beneficiary of what Goldwater started.

### **The Seventies**

Nixon was accused of being an Imperial President (Schlesinger, 1973) because of his exercise of more power than allowed by the Constitution. His original transgressions were intended to bring the Vietnam War to an end by expanding the war to nearby countries without the required Congressional knowledge or approval. Later Nixon expanded his powers to domestic issues. Congress passes budgets and the president can sign or veto them. Nixon assumed powers not in the Constitution to reward and punish those who agreed and disagreed with him. He also selectively enforced laws. Some of the Nixon administration offences include “burglary, forgery, illegal wiretapping and electronic surveillance, perjury, obstruction of justice, destruction of evidence, tampering with witnesses, giving and taking bribes and conspiracy to

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involve government agencies in illegal actions” (wikipedia). His inept cronies were caught illegally wiretapping Democrats at the Watergate Hotel, and this led to an unraveling of his presidency and his resignation (1974).

Many aspects of Nixon’s presidency resembled rule by royalty, by King Richard Nixon. The Constitution was written to prevent what Nixon tried to get away with; thank goodness for the ineptness of his cronies!

Gerald Ford was Vice-President when Nixon resigned, so he completed Nixon’s term as president (1974-1977).

Probably because Nixon had “blown it” for the Republicans the election of 1978 went to Democrat Jimmy Carter. I believe his presidency (1977-1981) has been unfairly maligned, and I suspect this is due to a re-writing of history by Republicans. Carter is the first US president to win a Nobel Peace Prize, in 2002 (Barack Obama won it in 2009). He created a Department of Energy, and promoted conservation and new energy technology development for the goal of achieving energy independence. During his administration oil imports were reduced 50%. He is also known for his human rights activism.

Carter’s interest in achieving oil independence was largely a response to the 1973 OPEC decision to reduce oil exports in order to increase profits from the ensuing shortage. This occurred during the Nixon administration, but Nixon never addressed the matter. Peak oil production in America occurred in the middle of the 1970’s, so American oil producers were handicapped in ramping up production to stave off rising oil prices. The economies of 20<sup>th</sup> Century advanced countries ran on energy produced by oil, which mostly explains why Carter’s administration was burdened by high inflation, high unemployment, slow growth and an increasing federal budget deficit. A “malaise” pervaded the country near the end of Carter’s term. In short, OPEC ruined Carter’s presidency.

### **The Reagan Era, the 1980’s**

President Ronald Reagan is the protagonist of this chapter. He aspired to be the Coolidge of the 1980’s. His attempt to unflinchingly pursue conservative policies that threaten to destroy the middle class ran into just one problem: the rest of the world was prospering and had money to loan credit companies so that Americans could buy, buy, buy until they dropped – in 2008.

Well, I’m getting ahead of my story, so let’s start over with Reagan’s election in 1980. Reagan won the election because Carter was pursuing long-term solutions and Americans demanded short-term solutions. When Reagan said “It’s Morning in America” that’s just what voters wanted to hear as a counter to the Carter malaise. Reagan was charming, he could speak well, he made jokes, and never mind that he set in motion ruinous policies as Governor of California.

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As governor of California he was cheered by voters who liked his pledge “to send the welfare bums back to work” and “to clean up the mess at Berkeley.” In order to lower taxes he disbanded mental hospitals, which had the effect of filling the jails with people the jail staff weren’t prepared to deal with.

Reagan’s presidential campaign echoed his California governorship, whose disastrous consequences were not apparent to national voters. He stated that “Government is not the solution to our problems; government is the problem.” What a clever line, for anyone who can’t think. He therefore won the election (1980).

Reagan was a conservative’s dream-come-true. Half a year into his administration the federal air traffic controllers went on strike, so he fired them, thus sending a message to employers that they could confront unions. Also during his first year in office he lowered taxes by amounts that ranged from 20% for the wealthiest to 3% for the lowest income bracket. The underlying theory for this imbalance is called “trickle-down” economics, which assumes the wealthy will invest their savings in job-creating businesses which will benefit the poor. An alternative explanation for tax cuts that favored the wealthy is to consider who funded his campaign then recall the old saying that “you dance with the one that brung ya.”

In 1986 Reagan signed a second tax reducing bill, which lowered the top tax rate from 50% to 28% while the bottom rate was raised from 11% to 15%. In addition, interest on credit card debt could no longer be declared as a deduction, which hit poor people harder. Capital gains were taxed at a lower rate, which helped wealthy investors. The same tax act increased incentives for investing in home ownership versus home rental, which also favored the wealthy. Changes were made to the Alternative Minimum Tax that had the effect of increasing taxes for the middle-class, with ever-increasing effect as inflation raised incomes.

What an amazing feat for Reagan to have lowered wealthy taxes from 70% to 28%, while raising rates at the low end of the income scale, and all in just 5 years! Did this Reverse Robin Hood tactic improve the American economy? While it’s true that the rate of inflation and jobless rate came down, tax revenues also came down at the same time that federal expenditures went up. The budget deficit just kept getting worse during the Reagan years. The federal government had to borrow to pay for the national debt, which grew from \$0.7 trillion to \$3.0 trillion during his presidency.

A hallmark of his administration is that he did what corporations wanted: union-busting, less government regulation of business, lower taxes for the wealthy and disregard for anti-trust laws. Working people started losing their good-paying jobs and had to settle for lower-paying ones, median income stagnated and eventually decreased, employee benefits began to erode (health insurance and retirement funding). Families headed by two wage-earners became the norm, and job security worsened. Downsizing while promoting overtime allowed employers to save on health care costs. The working classes became docile for they feared that complaining could jeopardize the jobs they had. Social stability was achieved, and labor costs for corporations were reduced. Corporations achieved some of these



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savings by lobbying lawmakers and infiltrating the executive branch of government. Corporate mergers were allowed to happen in defiance of monopoly laws. “Trickle down” didn’t happen, because corporations aren’t motivated to help workers, they’re motivated to exploit them, wherever that exploitation is easiest and cheapest. Instead of “trickle down” the American economy had become “trickle up” – with the wealthy able to steal from the poor.

In 1981 the US was at its peak as a creditor nation. During the last six Reagan years America became the world's largest debtor nation, with an economy increasingly owned and controlled by foreign investors from across two oceans. In the 23 years since 1981 America changed from having a \$3.3 billion credit standing to having a \$2.5 trillion debt owed to mostly foreign investors. The turning point from creditor nation to debtor nation occurred in 1984, just 3 years after Reagan took office. (Reader, judge for yourself whether President Reagan deserves the nostalgic accolades that Republicans heap upon him as they campaign against Democrats in 2008.)

One of the most interesting economic tricks of the 1980’s relates to consumer credit card purchasing. As Thom Hartmann explains (on his radio shows), the immediate effect of busting unions and creating opportunities for businesses to exploit ways to lower wages is that ordinary consumers had less money for buying the products businesses were trying to sell. This situation resembled the Coolidge years, for the same reasons, and some clever people recognized this as a business opportunity. Why not restore credit purchasing by offering credit cards (the new technology twist) for “buy now, pay later.” It worked during the 1920’s, so let’s try it again. The credit industry grew, and grew, until today it is a \$30 billion dollar industry. Personal savings during the past 25 years have undergone the same changes that occurred during the 1920’s, from positive to negative. Investors from around the world have come to America to keep the credit industry funded, thinking that this was a good investment opportunity. And it has been a good investment opportunity, for the government has allowed the industry to charge “usury” rates.

I stated earlier that Reagan aspired to be the Coolidge of the 1980’s. You may wonder why Reagan did not produce an economic collapse like the Great Depression. The answer is that during the 1920’s the rest of the world was still suffering from World War I and they could not loan money to alleviate the American debt and domestic credit crisis. During the 1980’s the rest of the world was prospering, and they could help Reagan continue his fiscally irresponsible policies, and they could buy American credit card debt. This postponed the day of reckoning by 25 years, as I will describe in a later section.

There’s another way of viewing Reagan if you are most interested in a long-term campaign of returning America to that conservative dream of being ruled by a wealthy elite. The shortest path to “royal rulership” is to ally the government with corporations and create policies that benefit corporations. There’s a small matter of disregarding common people. The trick in doing this is to fool the middle class into thinking the government is doing things for them. Instead of declaring honestly that

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measures are being taken to “starve the beast” that helps the needy by creating a debt that requires drastic reductions in social benefits, the conservatives pitch the merits of individual ownership and getting the government out of the way for economic growth. As corporate lobbyists draft laws that benefit their corporate employer, and contribute to the campaigns of congressmen who pass those laws, the government is transformed from being “of, by and for the people” to one that is “of, by and for corporations.” There’s a name for this kind of government; it’s called fascism!

Benito Mussolini defined fascism as “...a system of government that exercises a dictatorship of the extreme right, typically through the merging of state and business leadership, together with belligerent nationalism.” I’ll discuss his references to “dictatorship” and “belligerent nationalism” in a later section (“The Cheney Administration”). For now, focus attention on the reference to “merging of state and business leadership.” In the shortest path to royal rulership the first step is to form an alliance with corporations, and this was Reagan’s greatest accomplishment.

I hereby confess to voting for Republicans until I saw Reagan’s actions as president during his first term. For his second term election I started voting for Democrats. This year, 2008, I will not vote, for reasons given in the last section.

### **The 1990’s**

I have noted that Democrats dominated American politics from FDR’s election in 1932 until Nixon’s election in 1968. Since then American politics has been dominated by Republicans. Reagan was wildly popular during the election following his two terms, in 1988, when George H. W. Bush (Bush Senior) won. Bush had been Reagan’s vice-president for 8 years and the American people were clueless about the slow-ticking economic time-bomb that this administration had created.

Bush Senior had a single term presidency (1989-1993). His first task was to get control of the national debt, that had tripled during Reagan’s tenure. He and the Republicans wanted to reduce spending while Democrat-controlled Congress wanted to raise taxes. His efforts to do both ended with more tax increases than budget cuts, and this caused Republicans to feel betrayed. This set the stage for Bill Clinton’s election win in 1992.

### **The Bill Clinton Years**

Bill Clinton’s presidency (1993-2001) began just as the American economy was recovering from a mild recession that kept Bush Senior from being re-elected. During his first year in office he supported and signed NAFTA (North American Free Trade Agreement). This was his first big mistake, for it accelerated American job losses and impoverished farmers in Mexico who couldn’t compete with American factory farms. The loss of farming as a livelihood in Mexico led to a significant increase in illegal immigration, which has had many unanticipated negative effects on American workers, health care costs, crime, etc. His administration wanted to reform health care but well-organized lobbyists (AMA and health industry) got in the way.

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One of his successes was lowering taxes for the poor and raising them slightly for the wealthy. During most of his two terms the Republicans controlled Congress, and this hampered what he could accomplish. Nevertheless, the economy grew dramatically during his second term due largely to the internet and speculation in the high technology sector. By the end of Clinton's presidency the federal budget was balanced and the national debt had been paid off, leaving a surplus. Al Gore was vice-president for both terms and he played a major role in reducing the size of government. It's ironic that the Democrats were able to accomplish two key goals that Republicans claim as theirs: reducing the size of government and balancing the budget to the point of creating a surplus.

During Clinton's last 1½ years in office he made two more very serious mistakes (Sheer, 2010). Clinton's Treasury secretary was Robert Rubin, former CEO of Goldman-Sachs. He led a fight to free the financial markets from regulation by persuading Clinton to sign two disastrous pieces of financial legislation: the Financial Services Modernization Act in 1999 and the Commodity Futures Modernization Act in 2000. The first act replaced the Glass-Steagle law of 1933 that protected commercial banking from risky Wall Street financial speculations and insurance. The second act cleared the way for unregulated derivatives trading. Both acts freed Wall Street financial institutions to make a killing until 8 years later their greedy behavior produced a major global recession, from which it may not be possible to recover.

I still think Bill Clinton is one of the most intelligent presidents in US history. However, judgment and IQ aren't perfectly correlated. When you let a fox into the henhouse, you must be wary. Treasury secretary Rubin left the administration to join Citigroup, making \$15 million per year, and surely some of Citigroup's success was due to the deregulation they fiercely lobbied for when Rubin was Treasury secretary (Sheer, 2010). It should be said that the most influential people during the long fight to deregulate were Republicans: Senator Phil Gramm (R-Texas), Representative Jim Leach (R-Iowa), Representative Thomas Bliley (R-Virginia), Wendy Gramm (Phil Gramm's wife, and Reagan's chair of the Commodity Futures Trading Commission, and later Enron board member) and others. The fact that Clinton allowed himself to be bamboozled by powerful financial industry interests, with the taint of possible personal financial gain, is unpardonable. The fact that Clinton has stated that his greatest regret was not intervening to stop the Rwanda genocide causes me to wonder if he still is clueless about his role in causing the global financial catastrophe that began in 2008.

### **The Cheney Era**

The election of 2000 was nasty by anyone's account. Karl Rove had refined the winning use of dirty and divisive politics from the days he helped George Bush Junior win the Texas governorship. Rove had set as a goal delivering Texas to the Republican party, and he was amazingly successful in this. His tactics were so unethical that even George Bush Senior kept him at arm's length. The Rove-orchestrated smear of Senator John McCain during the Republican primary campaign was adept, and it knocked McCain out of the running. Even ignoring the voting

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irregularities in Ohio and Florida, it is a credit to Rove that he propelled Bush to a close-call vote against a more articulate, more experienced and more intelligent Al Gore. The outcome was eventually decided by the U.S. Supreme Court.

Because subsequent events have shown that vice-president Dick Cheney has played a very important role “behind the scenes,” and some think his influence exceeded Bush Junior’s, I will refer to the following 8 years as the Cheney Era. Bush Jr. acted as a figurehead, or, as the campaign touted, someone “regular folk” would like to have a beer with.

The Cheney Era has been the least concealed attempt to recapture “royal rulership” of any previous Republican administration, including the one that created the Great Depression by Calvin Coolidge. It is generally recognized that the Bush family has a history of elitism (Phillips, 2002), so it was not surprising when Cheney began maneuvering to expand the power of the Executive branch of government. Cheney uses the term “unitary executive theory” to justify giving the president final decision over all actions by the Executive branch of government. Other behaviors of the Cheney administration expand on this, the most egregious of which are “signing statements” that specify what parts of a newly passed law by Congress the president intends to execute. Every year of their two terms saw a growth of presidential power under Cheney.

The federal budget surplus that the Cheney administration inherited was returned to the taxpayers in the form of a \$1.35 trillion tax cut, which almost exclusively benefited the wealthy – especially when secondary effects are taken into account. Cheney sold the tax cut with the following slight of words “the surplus is not the government’s money.” Because a recession was looming Treasury Secretary Paul O’Neill opposed the tax cut, claiming it would worsen the budget deficit and threaten Social Security. But if that was one of the purposes for the tax cut, O’Neill’s argument must have just strengthened their resolve to go through with them – which they did. O’Neill describes a conversation with Cheney thus: *Cheney says to O’Neill, “Reagan proved that deficits don’t matter. We won the midterm elections. Our due is another big tax cut.* (from the 2004 book *The Price of Loyalty* by Ron Suskind, about Paul O’Neil’s rocky tenure as Treasury Secretary). The federal debt rose every year of the Cheney administration, to a current value of \$9.5 trillion.

Cheney wanted to loosen regulation of industry, and two of those to benefit were the mortgage and investment industries. Sub-prime interest mortgages were promoted during the second term (Federal Reserve Chairman Alan Greenspan did not object) and they were issued to home buyers regardless of ability to pay (some without jobs or down payment), and the mortgage loans were bundled and sold as highly rated “derivatives.” When owners began to default on mortgage payments and their property was foreclosed (starting in 2007) there was confusion about who owned the property. Executives of mortgage companies guilty of unethical financial dealings nevertheless collected large salaries and bonuses, even as some of those companies went bankrupt.

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Much of the Cheney “royalization” project was done using lobbyists who drafted legislation that Congressmen would promote in exchange for campaign contributions. There are many examples; consider the following.

The Medicare Act of 2003 created a drug insurance program to be offered by private insurance companies that would compete for the privilege of offering this supplement to Medicare. It passed in Congress after a long, arm-twisting session with irregular procedures, well past the midnight hour, with a provision that the price of drugs could not be negotiated by the private insurance companies. This law, which has greatly benefited the pharmacy industry, is the kind of legislation that the pharmacy lobbyists would have drafted if they could have, and they most likely did.

Cheney must hate Social Security. He began with a first step for its dismantlement the idea of allowing contributors to divert part of their Social Security payment obligation to a personal account in the stock market. This was given the nice-sounding name of “personal ownership.” But since it was promoted at a time when the stock market was faltering the idea aroused broad public disdain and it went nowhere. This legislation would have greatly benefited investors on Wall Street, and it might have been drafted by their lobbyists.

Early in the first term Cheney convened a secret Energy Task Force meeting to create an energy policy. The list of participants has never been released, but given its supply-side, oil oriented structure one can speculate that oil company executives were in attendance.

The Cheney position on global warming, which they slyly refer to as “climate change” (thanks to Frank Lunts), is that it may be a natural climate cycle so it is premature to enter into any international treaties (e.g., the Kyoto Protocol) that would restrict CO<sub>2</sub> emissions or regulate industry.

Words can deceive, and that’s what was done with the “Clear Sky Initiative” (another sly title that misleads), an amendment to the Clean Air Act (that Cheney’s administration reluctantly inherited). This regulation-emasculating legislation failed to be enacted by Congress so Cheney implemented key provisions by instructing the EPA (Environmental Protection Agency) to proceed with NO<sub>x</sub>, SO<sub>2</sub> and mercury trading; this questionable administrative procedure led to a court challenge.

The EPA systematically censored reports it was mandated by Congress to issue in a way that made it seem like industry regulation was not necessary. Climate scientist Jim Hansen was ordered to not speak candidly at public scientific meetings because his message was clearly at variance with what the Cheney administration wanted to believe. Even NASA is guilty of implementing some of the administration’s “clearance before speaking” directives. It is easy to imagine that the oil, coal and electric utility industries lobbied for these policies.

Every business must like cheap labor. There’s nothing wrong with this, but is it legal to urge the Executive to hamper enforcement of illegal immigration in order to have a

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large pool of compliant workers? The “undocumented alien” (UDA) will not complain about job safety, overwork, low pay and they will not unionize. The Cheney attitude of neglecting to enforce employer sanctions was a “dream come true” for the poultry, meat packing, agriculture, construction and landscaping (gardening) industries. The Democrats in Congress also like illegal immigration because Mexicans tend to vote Democratic. The assumption is that after hordes of Mexicans make it to America they will become American citizens through amnesty legislation, which most Democrats and Republicans want. But the UDAs create a burden on local communities, for they use emergency rooms for their routine medical care, they have lots of children who attend schools paid for with property taxes, they steal people’s identification (mostly Social Security numbers), they cause high-speed chases that lead to frequent deadly accidents and they trash rural pathways to their transportation rendezvous sites. I live 7 miles from the Arizona/Mexico border and I understand these problems. The Republican business people are as guilty as the Democratic Party for neglecting these problems.

Within days after the 9/11 Saudi Arabian Islamic terrorists flew airplanes into the World Trade Center buildings and the Pentagon, Senator John McCain renewed his call for attacking Iraq. He advocated bombing, not an invasion at that time, and his rationale was to scare Middle Eastern countries into “not messing with America.” He didn’t claim that the terrorists had been helped by Iraq’s Saddam Hussein. Cheney, Rumsfeld and Bush, however, had been talking about invading Iraq since the first month of the Cheney administration, and their plan was for an invasion. The real motivation for such an invasion may never be made public, but speculation includes a desire to have access to Iraq’s oil fields (a boon for oil company business). The 9/11 attacks gave Cheney and Rumsfeld the excuse for invading that they wanted. Cheney heavily-handedly interfered with the CIA investigation of any possible links between the 9/11 attackers and Iraq, and made unprecedented visits to the CIA that are described by intelligence officials as intimidating. Selling the war took 1½ years, and the final step was to convince the United Nations that Iraq had weapons of mass destruction poised for use in ways that would interrupt Saudi Arabian oil production and lead to global recession. Cheney’s aide “Scooter” Libby drafted a speech for Secretary of State Colin Powell to deliver at the UN, with only a few days left for fact-checking. Powell’s credibility was exploited shamelessly, and he must view his speech before the UN as the most embarrassing day of his life. The speech did the job, for the UN passed a resolution, which was Cheney’s “green light” for the invasion.

The FDA (Federal Drug Administration) is supposed to regulate the pharmaceutical industry. Instead, they protect and promote it. Drug testing, that used to be conducted by independent laboratories, is now conducted by the pharmaceutical company that manufactures the drug. As a result drug side effects are usually discovered after it has been on the market and billions of dollars have been made from it. Cheap alternatives to drugs are disparaged by bogus experimental trials. When a patent drug approaches the date when it should become “generic” the FDA allows a small change to be made that resets the calendar. It has been estimated that each year over 100,000 deaths can be attributed to drugs that are taken as prescribed by a doctor (to the extent that

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charlatans are wearing white coats the above statistic may be more of an indictment of doctors than the pharmaceutical industry.)

There are so many regrettable actions taken by the Cheney administration that books could be written about them, and have been. My purpose here is to recount some of the ones that illustrate Cheney's attempt to grab power from Congress, ignore the Constitution, favor corporations, retrench on New Deal advances for the middle class and the poor, and bring America closer to a "proto-fascist state" headed by the president as a dictator/king.

These are strong accusations. They deserve a review to show how my chapter's theme is supported by the Cheney administration. But before doing that, let's ask how America fared during the Cheney Era.

### **Cheney "Results"**

During the Cheney administration the national debt almost doubled, from \$6 trillion to \$9.5 trillion in early 2008 (about \$100,000 per family). This will take decades to pay off, assuming the American economy does not slip into another recession. This burden will fall on future generations, maybe some not yet born.

A report in 2005 stated that Americans spent \$42 billion more than they earned, and the most recent report from the Commerce Department found savings rates at a negative one percent, the lowest since the Great Depression, and down from 11 percent after WWII. Only four times have savings rates fallen so low: The other two were during the Great Depression when a quarter of the workforce was unemployed and Americans spent their savings for essentials such as food and rent.

E. Manning writes the following (TNTalk.). "Many millions of jobs ... have been moved to distant locations outside the U.S. where labor costs are significantly reduced. ... Multiple times, Congressional measures have been considered to restrain the federal government from granting contracts to companies that send work overseas. The Bush Administration has consistently opposed the legislation. The administration has continually supported tax incentives to outsource jobs overseas. ... The government has worked as a partner to stem public scrutiny of job outsourcing with no federal reporting requirements for outsourced jobs. Multinational corporate America is fearful over a public opinion backlash that would prevent them from exercising complete autonomy over their corporate work forces. ... The Brookings Institute [estimates] that outsourced re-employed workers recover 47 cents of every dollar that they used to earn."

Ohio saw a loss of 209,000 jobs, or 3.7%, during the first 7 years of the Cheney administration. The US job loss during this period was 19.5%. 61% of Americans fear job loss due to outsourcing. In 2004 the head of the president's Council of Economic Advisors, Gregory Mankiw, described the advantages to US companies for outsourcing jobs overseas. Mankiw said "When a good or service is produced more cheaply abroad, it makes more sense to import it than make or provide it

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domestically.” “...outsourcing is just a new way of doing international trade. ...that’s a good thing.” Federal Reserve Chairman Alan Greenspan defended Mankiw.

A typical worker in a Chinese factory earns ~50 cents per hour, without the protection of workplace safety regulations or limits on overtime. Chinese factories also have fewer environmental laws to deal with. How can American workers compete with workers in Communist China? From the standpoint of a manufacturing company it would be a good thing to use slave labor, or maybe invent a machine that could reduce their labor costs to zero by dispensing entirely with workers. It would make sense for a company to adopt such a cost-saving change, but only if very few other companies did the same. After all, if there were no jobs for workers anywhere, who would buy the products? The “free market” left to itself cannot handle this situation; this is a role for governments, which, after all, are supposed to represent the interests of all the people.

The trade deficit in early 2006 was \$817 billion, and rising each year. About a third of this imbalance was due to trade with China. Foreign interests hold about \$2 trillion. More than half of US Treasury bonds are bought by foreigners. US companies and infrastructure are being purchased by foreigners with the American dollars that just keep accumulating in their bank accounts.

David Walker, the US Comptroller General (who audits the federal budget books) has been traveling throughout the country warning Americans about the dire economic situation. Here are some comments that I found on the internet (apologies for not keeping track of the sources). “Foreign governments and investors now hold fully half of the United States' total outstanding debt, making Washington susceptible to a new form of geopolitical conflict” “Japan and China are America's two biggest lenders. Great Britain is third, followed by a bloc of oil-producing states including Iran, Kuwait, Saudi Arabia and Libya.” “So in trade and military disputes, China, as America's No. 2 lender, holds considerable influence.” “Foreign lenders, Bixby notes, can demand conditions - or threaten to stop buying U.S. Treasury securities, or even dump their existing holdings outright. To lure other buyers of Washington's debt, U.S. interest rates would then have to rise sharply, throttling the nation's economy.” “It means foreigners have more leverage on us and we have less leverage on them,” Walker said. “You have to pay attention to your bankers.” “If the US could no longer borrow as it has been doing, interests rates would skyrocket, home values would plummet, people would lose their jobs, and government services would have to be cut drastically. Shantytowns could spring up, making America look more like Haiti and South America.” “I'm sure that people during the Roman Empire never thought that Rome would fall,” Walker said in an interview (mid-2008). “I don't think we should assume that we are too big to fail.” “All...agree it's a fantasy to argue that the U.S. can grow its way out of its debt,” Bixby said. “The economy would have to grow at an implausible rate forever.”

[Everything in this chapter before here was written in mid-2008, a few months before the global financial collapse and several-year Great Recession. The next section was also written in mid-2008. I want to preserve them in their original for two reasons: 1)



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to show that my concerns were accurate before they materialized, and 2) because nothing needs to be amended. The late-2008 collapse simply underscores that anyone who knows how to think could have foreseen these events, and many serious commentators wrote as much. I'll insert a brief section after the next one that deals with the 2008 collapse, and the feckless leadership of Barack Obama during the first two years of his administration.]

### **Critical Review of the Cheney Era**

During the Cheney Era government power flowed to the presidency at the expense of other parts of the Executive branch and also at the expense of a “rubber stamp” Congress. Many laws were passed that appear to have been drafted by corporate lobbyists, and may have been coordinated by Cheney’s office. The effect of the laws has been to loosen regulations affecting corporations, lower corporation taxes and allow them to exploit cheap labor in foreign countries. The Cheney administration’s neglect of enforcing employer sanctions for hiring illegal aliens allows corporations to exploit workers by paying lower wages and neglecting safety regulations. Laws that encourage globalization led to job outsourcing to countries with cheaper labor (which began with Clinton’s NAFTA, to be fair to Cheney). Tax law changes favored wealthy individuals and punished poor and middle class wage earners. Credit card purchasing allowed strapped wage earners to stay afloat, but because the credit industry is allowed to charge usurious interest rates many people are driven to bankruptcy. Health insurance continued to rise much faster than other family budget items, and this may be due to an unwillingness to resist laws drafted by pharmaceutical industry lobbyists that reduce competition. America’s energy policy continues to be based on oil, with minimal funding of alternative and renewable energy technologies. The median family income (with an ever-growing number of two wage earners) has decreased slightly during the Cheney Era, while the top 1% have enjoyed unprecedented income increases.

As an aside, Jamie Johnson produced a movie “The One Percent” that documents attitudes of the wealthy. He is descended from the founder of Johnson & Johnson, and belongs to the wealthy class himself, so he had access to America’s wealthiest people for the movie. In a recent web post (<http://www.huffingtonpost.com/jamie-joh>) he remarks that some of the wealthiest are looking forward to a recession for selfish reasons! It will result in a “thinning of the aristocratic ranks” and lower prices for luxury goods that they have had to pay more for in recent years. In other words, the ultra-rich resent the very-rich, and the poor others can just go fly a kite! Johnson writes “...under the threat of hard times the mega-wealthy aren't feeling a greater responsibility to reflect upon the problems surrounding the growing wealth gap; they are, in fact, trying to fatten their wallets and further insulate their lifestyles. I had hoped that foreboding economic circumstances would have caused the ultra-rich to think not just of themselves and increasing their own personal affluence. Unfortunately, however, too many of them lack concern and without this concern, the divisive imbalance will only worsen with recession.” I highly recommend viewing the above URL for it contains more damning evidence than I could include here. This rare insight into how the very wealthy think, and how little regard some of them have

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for ordinary people, helps explain why corporate executives can do some of the shameful things they do. It may also account for the radical core beliefs of the hard-core Republican conservatives, like Cheney.

Over and over, during the Cheney Era, the wealthy have prospered while the poor and middle class have suffered. This cannot be an accident; it has to be the result of policy changes that are part of a long-term project to return America to a less democratic, more authoritarian form of governance by the wealthy elite.

When America declared independence from England 235 years ago there were many who preferred to be ruled by King George III. These “royalists” had a resurgence during the Gilded Age of the 19<sup>th</sup> Century. And another resurgence during the Roaring Twenties. Their most recent resurgence occurred during the Reagan to Cheney era.

Government has become a better partner with business than at any time since 1929. The 9 years that led to the Great Depression resemble the 25 years since Reagan became president. The slowness of the present economic decline is due to the ability of the rest of the world to loan money to America. But America is now so deep in debt that the outcomes for these two periods may eventually be the same.

The American government is no longer “Of the People, By the People and For the People.” Instead, the government is “Of Corporations, By Corporations and For Corporations.” America has quietly created its own version of a Proto-Fascist State!

Let’s review Mussolini’s definition of Fascism to see how accurate my indictment is: “...a system of government that exercises a dictatorship of the extreme right, typically through the merging of state and business leadership, together with belligerent nationalism.” The word “dictatorship” is partially fulfilled because Cheney uses his figurehead president to issue signing statements that overrule Congress. The “merging of state and business leadership” is almost completely fulfilled, thanks to the common practice of lobbyists drafting laws that elected congressmen are expected to pass (in exchange for campaign contributions). And “belligerent nationalism” was demonstrated by the way America installed a new regime in Iran in the 1970’s; by the American CIA assisted assassination of Chile’s socialist president Allende in order to pave the way for murderer Pinochet to take power; and by America’s unwarranted invasion of Iraq with dubious provocation. I think this demonstrates “belligerent nationalism.”

America’s evolution to a proto-fascist state may have gone too far to be reversed. Once again in the history of humans, power wins! The strong have figured out a way to steal from the poor, and they’ve done it so quietly that the poor don’t even realize that they’ve been victimized. So naturally the poor are unaware of who’s been doing the stealing. The victim’s pockets were picked so expertly that with their clueless vote the pick-pocketers continue to enjoy everlasting opportunities for continuing their scam.

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### **Financial Collapse of 2008 and Obama's Feckless Leadership**

This section is being written in April, 2011. It provides an update of the rest of this chapter, which was written in mid-2008, a few months before the late-2008 global financial collapse. Nothing in this chapter needs correction; an update is sufficient.

There is a consensus among economists that the “crash of 2008” was caused by an “excess of exuberance” over deregulation. Even Alan Greenspan (Chief of the Federal Reserve for 18 years, retired 2006) acknowledged that he was wrong to believe that markets could be trusted to regulate themselves (2008 Oct 23, testifying before Congress). What an incredible admission! I admire anyone who can be this candid, yet the fact remains that he misguided US financial policies for 18 years, and therefore contributed to the 2008 financial collapse.

There is also a growing acknowledgement that it was a mistake for President Clinton to sign legislation in 1999 that undid protections provided by the Glass-Steagale Act for 66 years, and also the 2000 signing of legislation that paved the way for unregulated trading of derivatives – both of which were culminations of a 20-year Republican campaign to allow financial institutions to regulate themselves.

It is sort of a coincidence that the presidential election of 2008 occurred about a month after the financial collapse. The “Bush financial crisis” and government bailout must have contributed to Barack Obama's lopsided win.

During the campaign Obama said a lot of good things, which created an expectation that he might act boldly, like Roosevelt, to orchestrate a financial recovery. But a pattern has emerged during Obama's first two years, and it is disappointing to me. His personality seems to be one that welcomes compromise before negotiations begin. The Republican positions are clear before negotiations begin because there are no secrets about what their corporate campaign contributors want. In most instances Obama has surrendered to Republican demands instead of speaking to the people candidly about the shamefulness of Republican positions. This happened with single-payer health care, economy stimulus legislation, financial regulation legislation, climate change legislation, extending tax cuts for the wealthy, extending unemployment benefits, alternative energy policy – and each of these pre-negotiation compromises weakened the legislation to the point that maybe it would have been better to do nothing so as to not create a false sense of security that the problem had been dealt with. As Paul Krugman wrote (New York Times, 2011.04.11): “...the president's idea of how to bargain is to start by negotiating with himself, making pre-emptive concessions, then pursue a second round of negotiation with the G.O.P., leading to further concessions.” I hope Obama's diffidence isn't related to the fact that he's a mulatto and wants to be accepted by those in power.

Some economists are warning of a “double-dip recession” and possibly a full-blown depression. After all, it is generally acknowledged that the financial industry remains unregulated, and there is nothing to prevent another excess of high-leveraged speculation that could produce another “too big to fail” taxpayer bailout of Wall

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Street. Adding to this is a creeping imbalance between supply and demand for oil. China's appetite for oil, combined with a plateau of global oil production, means that the price for oil will soon begin a never-ending rise! For the past 140 years America, and all Western Civilization, has become dependent on oil in many ways. Oil is used for plastics, asphalt, fertilizer, electricity production and many things too numerous to list. The seriousness of "peak oil" can't be over-emphasized! It's too scary for politicians to talk about it publicly. If the "double-dip recession" occurs, it could be the beginning of a downward spiral from which America will never recover. This, then, could convert a recession to a depression that would rival the 1930's Great Depression. A new name would have to be coined for this event, such as The Great Collapse.

Two recent developments belong in this section. The U. S. Supreme Court decided to allow corporations the same rights as citizens for unlimited contributions to political advertizing (the case is referred to by the euphemistic name "Citizens United"). Since most corporations are led by conservatives, this means that all future elections in America will be disproportionately dominated by campaign ads for ballot initiatives that favor corporations and Republican candidates.

The other recent development is that Republican strategists are following a ruinous strategy designed to win back the presidency in 2012. The strategy is to ruin the economy by the election so that voters, most of whom don't pay attention to issues until 3 weeks before a major election, will blame Obama for the dysfunctional economy. The official unemployment rate reached 10% in 2011, with an estimated 17% actual unemployment when those giving up looking for work are counted. This is close to the 25% unemployment reached (in 1933) during the Great Depression. I would argue that this high unemployment level is unnecessary, and could have been avoided through more aggressive stimulus legislation – which was blocked by Republicans who are opposed to Keynesian economics (spending during a recession to stimulate growth and taxing during a strong economy to repay debt). They also claim that during a recession the wealthy should have reduced taxes because when the wealthy are wealthier they'll create jobs for the poor, also called "trickle-down" economic theory. It's possible that both misguided policies are meant to ruin the economy before the 2012 elections.

The next section was written in mid-2008, and I see no reason to amend it. Instead, I will insert one update.

### **Will America Avoid a Great Depression?**

The question to ask now is "Will America descend into another Great Depression?" Let's review the similarities of the 1920's and the 25-year Reagan/Cheney era:

- During the 1920's, businesses achieved 32% productivity gains but wages increased only 8%. During the Reagan/Cheney era business productivity rose 40% but for 72% of workers wages declined. A new force came into play during the

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Reagan/Cheney era: corporations fired American workers and hired cheap foreign ones.

- During the 1920's, median savings dwindled to negative values just before the Crash. During the Reagan/Cheney era median savings dwindled from positive values to -1%. By 2005 the poorest 10% of families had a negative net worth.
- During the 1920's, installment credit purchasing increased as a solution to falling purchases and filling warehouses. During the Reagan/Cheney era the credit industry boomed for the same reasons, reaching \$30 billion per year.
- During the 1920's, Republicans controlled government and they empowered their "rule" through corrupt and immoral stratagems. During the Reagan/Cheney era the same occurred.
- During the 1920's, the income gap between rich and poor grew to the staggering state in which 0.1% of people controlled the same wealth as the lowest 42%. I don't have the 2008 statistic for the top 0.1%, but in 2008 the top 1% controlled about half of America's wealth (Jamie Johnson, 2008). During the 21 years from 1984 to 2005 the top 2% of American families doubled their wealth while the bottom 25% lost wealth (corrected for inflation). During the Reagan/Cheney era, the ratio of a Fortune 500 CEO earnings to the average worker's earnings changed from 40:1 to 424:1 (Allan Ornstein, 2008). In 2006 the top 1% earned 20.3% of all income.
- During the 1920's, "...the Revenue Act of 1926 ... reduced federal income and inheritance taxes dramatically." In just 5 years Reagan lowered taxes for the wealthy from 70% to 28%, while raising rates at the low end of the income scale.
- Corporate tax rates are a joke since it's rare that corporations pay them. Exxon paid no taxes for 2009, when it had profits that exceeded anything any corporation in history had made. General Electric paid no taxes for 2009 and 2011; instead, GE received \$3 billion in tax credits. They can do this because they employ 975 accountants, who created a tax return of 2,000 pages for 2010 – a ploy for overwhelming the IRS (which Congress under-funds).

Had enough? If you want to be scared some more, go back and re-read the section on the Roaring Twenties, and note the many similarities to the Reagan/Cheney era.

### **Theoretical Extrapolation of Current Trends**

This penultimate section of the chapter is a valiant if not foolhardy attempt to predict the future of America using the two theories that underpin the chapter.

Theory #1 states that during times of war, or times of extreme hardship that resemble war, people are likely to sacrifice themselves on behalf of the over-riding goal of tribal survival. For maybe 50,000 years this meant that at the onset of inter-tribal conflict ordinary men would become patriotic warriors and everyone else would

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support them with whatever patriotic acts strengthened the tribe. The theory also states that in times of peace, when tribal survival is not threatened, people are released from pressures for patriotic sacrifice. With the breakout of peace people can be expected to act in ways that I have described as “nasty and selfish.” This includes a form of greed accompanied by an unwillingness to share one’s good fortune with those who made it possible, as well as a mocking indifference to the poverty and suffering of others. Everyone aspires to wealth, and those who succeed will continue to exploit those who have not succeeded.

Theory #2 states that the last 12,000 years of conflict between super-tribes, that can decimate the losing tribe, evolution has favored people who are programmed to prefer a form of governance in which decisions are made from the top by a strong leader. Nevertheless, there is also a minority (of pre-Holocene “throwbacks”) who are inclined to prefer a more democratic form of governance in which the people make decisions that regulate how everyone is to behave, regardless of their strength.

Maybe these two theories can be combined into the following prediction: During war (or times of extreme hardship) people demand strong leadership for coordinating the efforts of everyone else, who in turn are all deemed essential for the group effort to survive. During times of peace people want to be left alone to pursue their own aspirations to prosper. But those who prosper the most (achieve wealth) take advantage of their power to exploit and subdue the others. Since most people are susceptible to being followers (because following during war is essential) they may follow when it is not in their best interest to follow. The danger of this is especially great when a powerful leader is very clever at redefining which social condition is operative. This can lead to an unwanted leadership that neglects the aspirations of everyone who lacks power.

The illegitimate leader situation is self-limiting, because a society requires the productive labors of that “man with the hoe” and if his hoe is taken from him he cannot produce. Every empire is destined to collapse following corrupt leadership. After the collapse the productive peasant reclaims control of his life and it is his responsibility to figure out how to prosper, and in the process maybe create another empire. This implies that history can be viewed as a pendulum that swings back and forth between the two states. The pace of the pendulum’s swing may vary greatly.

Let’s review how the pendulum has swung during America’s 235 years as a country. It will be convenient to invent terms for referring to the two extreme states of the pendulum. How about “producer” and “parasite.”

Starting with the War of Independence, which is “producer,” we see a slow swing to the “parasite” state called the “Gilded Age” (1877-1893). During the “Progressive Era” (1896-1920) the pendulum swung back to “producer.” The 1920’s saw a fast swing to “parasite,” culminating in 1929. The New Deal era of FDR saw a swing back to “producer” – which endured until Nixon’s election (1968). Slowly the pendulum swung in the “parasite” direction until it got a big boost from Reagan, which caused the parasitic movement to accelerate. With Cheney the pendulum has

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swung to a “parasite” state that is about as far as it can go. What, we now ask, what will the pendulum do next?

At the risk of overusing a metaphor, I allege that there’s no guarantee that the pendulum will keep swinging. When it goes too far in the “parasite” direction it may be “caught” and held there.

You may have thought that I was going to predict that the pendulum would soon swing in the “producer” direction. This would be good, but for this to happen the corrupt leadership would have to “return the hoe to that man who wants his hoe.” If the wealthy Americans refuse to give that man his hoe, America could become a fascist state!

This happened in Italy and Germany 75 years ago, and it happened in Japan somewhat earlier.

During the Reagan/Cheney interval America’s wealthiest people have prospered from productive labors that have shifted ever-so-slowly, but irreversibly, to workers in third world countries. The American worker has had his hoe taken from him by the parasites, and those parasites have given the hoe to workers overseas.

But the parasites “made a deal with the devil” as they did this. The producers overseas have started to own America. It’s more accurate to say that the overseas governments have begun to own America. Those overseas governments are also prone to exploit their workers, and when American corporations wanted the labors of workers in those overseas countries the governments saw an opportunity for improving their wealth, so they allowed the corporations to locate their factories there. America now has “its hands tied.” It cannot object to anything our creditors want. If China wants to take over Taiwan, they can do it with impunity. If Saudi Arabia wants to buy controlling interest in profitable American companies, the laws will be changed to allow that rather than risk financial ruin.

Little by little America will become fractured into pieces that resemble colonies that belong to many other countries. China will own mines that produce the minerals they need, they will buy farms that grow wheat, and cattle ranches that used to provide meat to Americans but will instead ship the meat to China. America will become a source of resources that will flow to our creditor nations, and Americans will be working for foreign employers. It will be a reverse of the present situation where Chinese workers make Nike sneakers for export to America.

Order will have to be maintained in America for our colony status to remain valuable to our creditor nations, and this may be done by the American corporation parasites using a fascist fist. Cheney serves as a model for the attitude needed for this job. He’s retired, but there will always be other Cheneys eager to exercise fascist discipline.

The path to America becoming a Chinese colony is already apparent. The first step is to embolden the wealthy class, and large corporations, to believe in the fascist agenda

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– without using that name. The wealthy are to consider themselves the “producers” while everyone else, even those who work for wages, are the “parasites.” Once the “us/them” distinction is clear, an automatic thought process invokes the primitive mentality principle: amity towards “us” and enmity toward “them.” Whereas the amity/enmity principle evolved for the purpose of securing victory in inter-tribal conflicts, when it is used by the wealthy in a society to excuse exploitation of the poor, there is no other term for it than “class warfare.” In warfare, anything that leads to achieving the goal justifies the means. Thus, corruption of governance is fair. Using the influence of wealth to lobby politicians is fair. To use a hackneyed phrase, we now have the best government that money can buy. Another strategy for winning the war, the class war, is to trick the commoners into supporting things that benefit only the wealthy. For example, change the name of “estate tax” to “death tax,” and promote the idea that everyone will have to pay it – whereas in truth only the wealthiest 0.3 % will be subject to it (because the first \$5 million is exempt). Another trick is to promote “trickle down economics” with the argument that it will create jobs and increase tax revenues, when history has repeatedly shown that reducing taxes for the wealthy does not lead to job creation and increased tax revenues. President Reagan’s experiment with “trickle down” led to the largest rise in national indebtedness ever, and shifted America from being a creditor nation to a debtor nation. Ironically, this shift happened in 1984, a year made famous by George Orwell’s book, *1984*, which warned about the ways a totalitarian state could be achieved by evil doers. Another trick is to argue that national indebtedness is caused by too much spending, as if insufficient revenues are irrelevant. When voters accept this one-sided argument politicians are able to reduce spending on things that benefit ordinary people, such as social entitlements (Social Security, Medicare, Medicaid, etc), instead of things that impact the wealthy, such as restoring tax rates on high incomes to pre-Reagan levels. Tricks like these translate to votes for politicians who have sold their souls to the wealthy.

There’s one more trick that’s especially nasty: When the president is a Democrat, and you’re a Republican, obstruct any legislation that could improve the economy so that by the time of the next presidential election the economy is ruined and inattentive voters will blame the Democrats. At this writing (April, 2011), there is abundant evidence that the Republicans are playing this trick. This is “playing with fire” because it’s difficult to ruin the economy just enough for it to later survive, without the risk of setting in motion an irreversible decline and collapse!

You might wonder how anyone could justify their dirty political tricks. Surely they know what they’re doing, because these are intelligent people. Is their personality bordering on psychopathy? Not necessarily. The mind is a wondrous thing when it comes to self-justification. Any theory that seems to support one’s behavior, what I call result-driven behavior (cf. Chapter 8), is attractive for incorporation into an overall view of the universe. For example, Ayn Rand’s writings portray capitalists as the producers of wealth, while those working in capitalist factories are the parasites. This accounts for the unusually high incidence of Ayn Rand cult followers among the Republicans (Alan Greenspan, Senator Paul Ryan, etc). When the so-called Tea Party started there was a surge of Ayn Rand book sales, especially *Atlas Shrugged*. Ayn



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Rand's protagonist said "The man at the top of the intellectual pyramid contributes the most to all those below him ... The man at the bottom who, left to himself, would starve in his hopeless ineptitude, contributes nothing to those above him, but receives the bonus of all their brains." (*Newsweek*, Apr 18, 2011). This sounds like an ideology for excusing exploitation of workers by the wealthy capitalist, as well as denying government supervised social services to those in need (e.g., Social Security, Medicare, Medicaid, unemployment insurance, etc).

It's possible that at the time of the 2012 election the American economy will be ruined so badly that voters will send a corporation-friendly Republican to the White House, thanks to large campaign funding by his fascist-oriented conservatives, like the Koch Brothers. A dismantling will begin of such programs as jobless benefits, Medicare, Medicaid, Social Security, emergency room admittance without insurance, public-supported fire fighting service, public-supported police response, FDA inspection of food, EPA enforcement of environmental violations and IRS enforcement of tax cheating. Banks will charge usurious interest rates, mortgage lending institutions will loan to anyone and then bundle these assets into derivatives that will be rated AAA and sold throughout the world to gullible investors, financial institutions will become more aggressive in creating "instruments" with high risk and large immediate payoffs to the seller, Exxon and GE will continue to pay no taxes and receive tax bonuses from honest taxpayers, oil companies will continue unregulated deep ocean drilling, oil entering the global market will be bought by the Chinese which will cause oil prices to sky-rocket, only the wealthy will be able to afford to drive causing everyone else in America to ride bicycles. I could go on, but you can see the picture that I envision emerging.

The grim portrait of America's future may not happen. I hope it doesn't happen. But it may happen!

### **Prospectus for America**

I believe America's fate is sealed, and nothing can turn around the inevitable slide to fascism.

A victory in 2012 by Republicans might actually be good for Planet Earth! The sooner America slips into depression, the sooner our Earth will be relieved of a profligate polluter and destroyer of nature.

It's frustrating to see things about America the way I do. Sometimes, when I feel a pang of optimism, I hope that I'm wrong. But I always come back to this unhappy picture. Imagine standing at the bow of the Titanic, seeing an iceberg, shouting warnings to the others on the ship, but no one listens! That's how I feel.

American voters have lost the right for a winning place in the world. When voters get what they want, they deserve what they get – "good and hard" as Mencken would say. Long-term prosperity has to be earned, and the pursuit of short-term prosperity by taking short-cuts has a deservedly uncomfortable end point. If I were younger, I

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would try to relocate to New Zealand. But as a retiree, nestled on a small acreage in the Arizona countryside, I shall sit back to watch the unraveling of a country that I once loved.