

“Shock and Awe Economics”, Financial Warfare directed against the American People. Michel Chossudovsky.

Aftermath of US Shutdown

By [Prof Michel Chossudovsky](#)

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[Voice of Russia](#)

Groups campaigning against Obamacare are funded by multibillionaires Charles and David Koch.

Days before Obama and Congress struck the last-minute budget deal on October 16, the Koch brothers, seeing that their plan had gone wrong, “jumped off the train” and wrote an open letter to Congress, distancing themselves from accusations of a shutdown blackmail conspiracy.

The Voice of Russia spoke with Professor Michel Chossudovsky, founder of the Centre for Research on Globalisation, think tank. Mr. Chossudovsky, has written two detailed articles on the subject.

Is it possible that just two people abide rich and powerful could dictate US politics?

No, I think that we are dealing with a very complex process. There are people like the Koch brothers who may be exerting influence in the corridors of the US Congress but essentially when we talk about the shutdown and the “debt ceiling” we have to look at the structural, historical causes.

We are dealing with fiscal collapse and what is at stake is the future of the Federal Government itself.

This Federal Government is now hit by a debt crisis which is unprecedented. The debt is gone up 70% since the 2008 financial meltdown and at the same time they are implementing what I would describe as “shock and awe economics” which essentially consists in cutting virtually everything, all the entitlement programs of the US administration.

We are essentially experiencing in the US the types of policies applied in several European countries in the last couple of years: very destructive from the social point of view. This is a policy of impoverishing people. Food stamps, social security and of course, Medicare and Medicaid are the programs which are affected. Meanwhile, of course, Defense and the financing of the war economy remains with a very large military budget.

If the Koch Brothers did indeed pay the Republicans to vote against Obamacare, what could

have been their bigger agenda? I'm thinking that obviously the damage that you have just mentioned to not only the reputation of the US, but to the economy, did that not, you know, make a difference to the Koch Brothers, if they were indeed involved in that whole scheme?

I know that this issue has made the headlines and I, as an economist, am very skeptical, because, first of all, the Republicans and the Democrats share the same economic policy agenda. They are both committed to massive austerity measures, irrespective of who is pulling the strings. Why? Because both parties are in fact controlled by the same lobby groups. When we think of lobby groups we are not thinking strictly of one or other rich families like the Koch Brothers. We are talking about Wall Street, we are talking about JP Morgan Chase, we are talking about the Federal Reserve Bank which is a private institution which holds a large portion of the US public debt. And essentially what is now being implemented is a scenario of massive privatization of the federal State system.

We have already had that process occurring at the municipal level where more than a hundred cities across America are technically bankrupt. What happens? Private corporations take over public lands, institutions, state assets. They confiscate essentially what belongs to the public.

Now the question that we have to ask ourselves: Is that type of scenario [of privatization], a possibility in the case of the Federal Government of the United States? I say yes it is. It may not be done exactly in the same way [as in the case of the municipalities] but eventually what we are dealing with is the privatization of the State. And that is not something which is necessarily new, we have seen that happen in developing countries where the IMF comes in and imposes sweeping reforms and then orders the government to privatize state assets in favor to private corporations.

So in a fact, we are experiencing that in the US today. The aftermath of this crisis and the shutdown creates an atmosphere of economic uncertainty: people are losing their standard of living, there is mass unemployment which is the direct result of macroeconomic reform. And as I mentioned this is "shock and awe", it's a process of financial warfare directed against American people.

Right, if this war is to continue to the extreme, what is the result, what the implications would be and could this all be, if we talk about the crisis caused by the same people essentially? And the credit bubble they build could this all have been a part of a much larger plan?

Well, you know, this is not something which is engineered by the individuals. It is engineered by interest groups, by lobby groups, by powerful financial institutions. Now let us look at the scenarios from 2013 onward. If we look at the figures published by the Congress Budget Office (CBO) which is a key body within the US legislature, what they are in fact predicting is a massive curtailment of the budget deficit. from something of the order of 7% down to 2% of GDP in a matter of three fiscal years. Now that in practice represents major cuts in the entitlement programs. So in fact this budgetary shift is a form of economic shock therapy.

Angela Davis

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