

Notes on the Progress of the Counterrevolution

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We are in the midst of a major counterrevolution, in which the governing classes of the West, taking advantage of the collapse of the Soviet Union, corporate globalization, increased media concentration and commercialization, the sharp attrition of labor organization and political influence, and hence the greater political power of the corporate elite, have been dismantling the welfare state and non-corporate rights and entitlements and moving the world toward a laissez-faire and dog-eat-dog-or rather tiger-eat-rabbit-world. Put otherwise, with what is now a global “reserve army” of fragmented and atomized labor, and with no alternative system currently threatening Western elites and impelling them toward generous treatment of their local majorities, these elites have rushed toward putting in place a version of the Marxian model of pure capitalism that had been thwarted by the rise of national labor movements, the limited mobility of capital, and the now defunct Soviet and Maoist threats.

The Politics of Reaction: Intensified Class War, Enlarged Security State

The ending of the alternative model threats, the growing mobility of capital, and capital's success in making the global institutional framework more welcoming to capital, have made possible more aggressive class warfare and the slow-motion counterrevolution now in process. Key features of the counterrevolution have been: (1) the gradual and still incomplete but ongoing removal of welfare state protections of the underlying population, starting with the weakest and most vulnerable (welfare mothers) and then moving toward those of the middle class; (2) deregulation of business and privatization of formerly public assets; (3) termination of protection of the rights to form and maintain labor unions and/or policies actively weakening labor organizations; (4) the absence of any constraint on—and even active encouragement of — outsourcing and foreign investment; and (5) the entering into international agreements that protect corporate rights at the expense of national sovereignty and democratic control. The counterrevolution thus entails a reduction in the role of government in the economy, with the main and massive exception of the military establishment, which is a joint venture of government and private business that serves larger functions: subsidizing business technology, stimulating economic activity (“military Keynesianism”), and assuring “law and order” at home and the advancement of the counterrevolution and empire abroad.

The word commonly used to describe supporters of the counterrevolution is “conservative.” But this is a gross misnomer, as these officials, politicians, corporate executives and owners, activists, journalists, and intellectuals are clearly not trying to “conserve” anything, but instead are in the business of dismantlement of existing institutions and relationships and their replacement with others, in accord with specific interests and ideologies. The proper word is “reactionary,” not conservative. This even applies to purported “liberals,” like Bill Clinton and, say, Larry Summers. Clinton took major steps in dismantlement during his

terms of office, supporting the Personal Responsibility Act (bearing on item 1 above), financial deregulation (2), and NAFTA and the WTO (4 and 5), and he did little or nothing to slow up the weakening of labor organization (3). Summers was a major player in the passage of NAFTA and in the important financial deregulatory actions in the Clinton era (see the fine account of the role of Clinton, Summers and company in Jeff Faux's *The Global Class War*).²

Contrary to rightwing ideology the managers and supporters of the counterrevolution are not in favor of a small and inactive government.³ The counterrevolutionaries want to shrink the government only in its civil functions that serve ordinary citizens. They favor a very large military establishment and police force, although "conservatives" implicitly define "government," which they have made into an invidious word, as exclusive of these favored segments of government.⁴ They also favor a government that is very active in pursuing the "national [i.e., corporate] interest" at home and abroad and that sits heavily on the underlying population at home to keep them quiet and to manage their personal behavior. This increased internal activity and associated growth of "security" (i.e., pacification) forces moves in parallel with the progress of the counterrevolution, as the damaged general population eventually reacts and must be controlled to permit the counterrevolutionary process to advance. In Grover Norquist's oft-cited desire to shrink government to a size where it can be "drowned in a bathtub," he was surely not speaking of the military and police—they will be needed to pacify the victims of his counterrevolution at home and abroad. The federal government's size relative to the GDP did not fall in the Reagan years and has climbed during the Bush-2 era, with the growth in the "defense" (i.e., offense) budget offsetting cuts elsewhere in both cases.⁵ The counterrevolutionaries are for both big and repressive government—they are "statist reactionaries."

As stressed in Mike Davis's *Planet of Slums*, a very important feature of the neoliberal counterrevolution has been the rapid growth and comprehensive neglect of a huge mass of marginalized people who have been driven off the land or out of handicraft and industrial employment by subsidized imports, technological change, and shriveled help to small locals under IMF and World Bank Structural Adjustment Programs. Davis cites a 2002 CIA estimate that possibly a billion workers, representing one-third of the world's labor force, are unemployed or underemployed, and he describes in painful detail the growing slums of the world where this surplus and uncared for population suffers increasingly grim conditions and still grows at the rate of 25 million a year. For the counterrevolutionaries these people are "unworthy" victims or "unpeople," no large-scale and non-tokenistic programs are implemented to deal with their needs, and they present mainly a problem of aesthetics (getting them out of sight) and a potential security threat. This reinforces the governing class's support of a powerful security apparatus.

Benefits and Costs of "Projecting Power"

The counterrevolution's forward policy abroad has the merit, to its proponents, of providing a moral environment in which an anti-populist agenda can be pushed at home as well as overseas. Fear of an external demon is stirred up, patriotism is aroused, and the media and populace are led to focus on the triumphs and tragedies of the armed forces wreaking havoc in distant but "threatening" (i.e., targeted) countries. Under this protective cover opponents of the counterrevolution can be attacked as subversive and traitorous, and the super-patriotic (but almost universally chicken-hawk) counterrevolutionaries can consolidate their political power and quietly carry out their internal economic program. Of course, if the external efforts bog down and the costs bulk large enough, the counterrevolution may run

into problems and even crises, as has been the case with the Iraq invasion-occupation. How this will affect the counterrevolutionary process remains to be seen.

An important feature of “projecting power” (i.e., imperialism) has always been the skewed distribution of costs and benefits. The costs have always been borne by the general citizenry (including the dead and injured military personnel and their families), while the benefits accrue to military contractors and privileged elite sectors who can plunder the victim countries during and after the invasion-occupation (if successful). (For evidence as regards European colonialism, see Grover Clark’s *The Balance Sheets of Imperialism* [Columbia University Press: 1936]). The benefits can be exceptionally large, because under the conditions of war standards are more lax than usual in the confusion and need for expedited service and under the cover of patriotic ardor, so that markups and literal looting can be higher and more brazen than under normal peacetime conditions. The followup plundering can also be great, with contracts written with the newly installed puppet governments that treat the invading carpetbaggers with great generosity.⁶ This means that while the costs to the invader’s community may be very large, so may be the benefits to important invader elites, who therefore have incentives to encourage imperial ventures, and who also derive from it surpluses that they can use to support politicians who will engage in “forward” policies as well as media and intellectuals who will put such policies in a good light.⁷

The Iraq invasion-occupation has provided a model case of very large costs to the invader’s society, along with exceptional benefits to special interests closely linked to the war-making elite, and to the governing elite more broadly (possibly helping keep the Democrats quiescent). As has been occasionally noted, president George W. Bush’s first economic adviser, Lawrence Lindsey, was fired for suggesting that the costs of an Iraq war might reach \$200 billion, but now the estimates are running up to \$2 trillion. But this has neither stopped the war nor led the Democrats to press for exit, despite the majority of the public now favoring a short terminal date. It reveals the priorities of the governing class that, as Martin Wolf has noted, even a minimum budgetary Iraq war cost of \$1.2 trillion “is 10 times the world’s annual official development assistance to all developing countries.”⁸

But the Iraq war has been a bonanza to military contractors, security firms, and local collaborators, a “capitalist dream” for transnationals,⁹ including oil companies, and with still larger payoffs to come if a proper pacification outcome can yet be arranged in the devastated country. With weapons procurement and Pentagon subsidized research on weapons now running at almost \$150 billion a year, Lockheed Martin, General Dynamics, Raytheon, Boeing, Northrop Grumman, Honeywell, the Carlyle Group, Computer Sciences, GE, United Technologies and many others are raking in big profits and have huge backlogs of orders.¹⁰ In the chaos, and with conflict-of-interest built-in and auditing and financial controls feeble, overcharging is massive and vast quantities of government property have simply disappeared, essentially without complaint.¹¹

In January, 2005, the Special Inspector General for Iraqi Reconstruction, Stewart W. Bowen, Jr., reported that an estimated \$8.8 billion from the U.S.-controlled Development Fund for Iraq (DFI) was missing and unaccounted for. Under the terms of the UN resolution creating the DFI, these funds were “to be used in a transparent manner to meet the humanitarian needs of the Iraqi people...” On June 21, 2005, Representative Henry Waxman, submitting a report on *Rebuilding Iraq: U.S. Mismanagement of Iraqi Funds*, pointed out that U.S. authorities withdrew from the DFI account at the Federal Reserve Bank of New York nearly

\$12 billion in cash, the largest cash withdrawals in history, including over 107 million hundred dollar bills. In late June, 2004, in the last week of its existence, the U.S.-dominated Coalition Provisional Authority ordered more than \$4 billion in cash for urgent delivery, including the largest one-day transfer of cash in Fed history (\$2.4 billion). No accounting firm and apparently nobody else monitored the rapid disbursement of these huge sums, doled out in duffel bags, or passed out to favored parties from trucks, with very large sums simply vanishing. U.S. officials have not been able to account for billion of dollars.

These massive transfers and unaccounted-for disbursements represent looting of historic dimensions, but the UN has been silent on this gross violation of the terms of its instruction on the use of the DFI, and the U.S. mainstream media, which had been so indignant at kickbacks in the Iraq oil-for-food scandal, which although comparatively modest could be (misleadingly) blamed on the UN,¹² were almost entirely silent on this massive plundering (which could only be blamed on the U.S. occupiers). But imagine the media's attention and indignation if even a half million rather than 107 million hundred dollar bills were distributed to needy poor people in the United States!

Plutocratic Base of Corruption and Counterrevolution

Clearly, the fact that such policies can take hold, with huge net losses to the general population and gains to only a tiny elite, and with much of the gains based on fraud and theft, shows that democracy is not working very well in the United States. Behind the procedural forms of democracy, which are themselves seriously damaged,¹³ there is a plutocracy which makes it possible for a small elite to drag its country into serial aggressions by an abuse of power reminiscent of the operations of a full-fledged totalitarian state.¹⁴ As noted, the cultivation of fear and patriotic ardor by demonization is standard operating procedure. This has worked well, although the increasing numbers that have opposed imperialist ventures even before their commencement has presented a growing problem. Thus far the solution has been to go to war anyway and then depend on war ardor and "supporting our boys" to reconcile the public to the attack.

This has worked in part because the Democratic Party has failed to present the slightest opposition to imperial ventures even when based on contrived and false claims and involving gross violations of international law. The Democratic Party is more clearly than ever an only slightly watered-down party of business, a financial hostage to business and the pro-Israel lobby,¹⁵ unable and/or unwilling to serve its mass constituency. It speaks for the "governing class" and elite interests, not the general citizenry, which has no effective political representation.¹⁶ Thus if the elite consensus is that we need a gigantic military establishment and a forward policy projecting power globally with the help of that military establishment, this is the view of the mainstream media, and the Democrats support this, even if with a somewhat lighter touch. And so do many leading liberal intellectuals, who want the Democrats to show that they are not weak on "national defense" by more vigorous assertions of patriotism and by using the military establishment-whose immense size they take as a given-to pursue "real" democratization abroad.¹⁷

In short, the system works, in providing outstanding service to the governing class and its corporate constituency, and to the powerful lobby that supports anything which advances Israel's claims. By the same token, it does badly by the majority of its citizens, who are "managed" into approving or at least tolerating imperial ventures in which that general citizenry pays enormous costs but with any benefits flowing only to members, associates and followers of the governing class. This is structured injustice, but the most important

component of the injustice resulting from these imperial projects falls on the heads of the citizens of the target states, whose deaths and agony may be “worth it” to Madeleine Albright, George W. Bush, Richard Cheney, Condoleezza Rice, and Tony Blair (et. al.) , but which involve first class criminality deserving of Nuremberg-like trials.

Can the Counterrevolution Be Stopped and Reversed?

The counterrevolution is running into difficulties now, with Iraq unpacified and draining the resources of the aggressor state, making its previously “willing executioners” restive; Katrina and the corruption scandals opening many eyes to the quality of the Bush administration; with the world’s population increasingly hostile to the course of U.S. power projection; and with foci of political resistance emerging in Latin America and elsewhere. As noted, however, resistance at home is badly stymied by the failure of the Democrats to offer an alternative and the inability of the larger society to produce a politically meaningful opposition and program. Furthermore, the power of the counterrevolutionary forces is very great, and there is the real possibility that in the face of sufficient trouble and threatened defeat they might embark on even more violent imperial enterprises and take on the role of Samson in the Temple (consistent with “end-times” thought prevalent among many of the supporters and some leaders of the ruling quasi-theocratic administration).

We can only hope—and work for—more positive outcomes, taking some consolation from the unpredictability of human affairs, the surprise in the growth of political opposition in Latin America, and the possibility that dissatisfied voters will dislodge and replace the Republicans and DNC Democrats and at least slow down or perhaps even halt and reverse the counterrevolutionary juggernaut.

Endnotes:

1. See “White House, GOP Leaders Plan All-Out Assault on Federal Protections”: http://www.truthout.org/docs_2006/062406D.shtml
2. On the Clinton support of the counterrevolution see also, Robert Pollin, *Contours of Descent* (London: Verso, 2003), chapter 2, “Clintonomics: The Hollow Boom.”.
3. See Dean Baker, *The Conservative Nanny State* (Washington, D.C.: Center for Economic and Policy Research, 2006).
4. In a doublespeak dictionary, I defined “Conservatism” as: “An ideology whose central tenet is that the government is too big, except for the police and military establishment.” Herman, *Beyond Hypocrisy* (Boston: South End Press, 1992).
5. Federal outlays as a percentage of GDP under Reagan rose from 21.7% in 1980 to 23.5% in 1983, then dropped back to 21.2% in 1989. Under Bush the percentage rose from 18.4 in 2000 to 20.1 in 2005, reflecting a rise in military spending /GDP from 3.8% to 4.7%. Economic Report of the President 2006, Table B-79.
6. In her classic study of Brazil, Jan Black describes how the Hanna Mining Company, which had been in conflict with the democratic government, quickly found that under the new government after the U.S.-supported military coup of 1964, “Hanna’s problems were over.” (*United States Penetration of Brazil* [Philadelphia: University of Pennsylvania Press, 1978], p. 88). On Iraq, see Antonia Juhasz, *The Bush Agenda* [New York: Regan Books, 2006], chap. 6;

Naomi Klein, "Baghdad Year Zero," *Harper's Magazine*, Sept. 2004.

7. See Black, op. cit., Part IV ("Security for Whom?"); Gordon Adams, *The Politics of Defense Contracting: The Iron Triangle* (New Brunswick: Transaction, 1982); Robert Engler, *The Brotherhood of Oil* (Chicago: University of Chicago Press, 1977); William D. Hartung, *How Much Are You Making on the War, Daddy?* [New York: Nation Books, 2004]; Russell Mokhiber and Robert Weissman, *On the Rampage: Corporate Predators and the Destruction of Democracy* (Monroe, Me.: Common Courage Press, 2004); Juhasz, *Bush Agenda*.

8. Martin Wolf, "America failed to calculate enormous costs of war," *Financial Times*, Jan. 11, 2006.

9. "Capitalist paradise" is the description of the harshly critical Yamin Zakaria in "'Iraq for sale," 777001.com; in "Let's all go to the yard sale" (Sept. 27, 2003) the London *Economist* refers to the "liberated" Iraq as a "capitalist dream."

10. See Juhasz, *Bush Agenda*, chap. 6; Lynn J. Cook, "Halliburton's 2005 Profit: 'Best in our 86 year history,'" *Houston Chronicle*, Jan. 26, 2006; see also studies by the [Windfalls of War Project](#) (Homepage) at the [Center for Public Integrity](#).

11. "Audit: Halliburton Lost Track of U.S. Property in Iraq," AP, Nov. 27, 2004; Pratap Chatterjee, "The Thief of Baghdad," *Alternet*, Aug. 23, 2004.

12. The Volker inquiry into the \$64 billion UN Oil-For-Food program reported some \$1.8 billion in illegal activities that UN officials should not have permitted. But it also reported some \$11 billion in smuggling outside that program for which Security Council enforcement procedures were responsible. See: [The Report of the Committee](#), Volume I of the four volume [The Management of the Oil-For-Food Program](#), Independent Inquiry Committee into the United Nations Oil-For-Food Program, September 7, 2005. Esp. p. 95/100; p. 97/102.

13. Robert Kennedy Jr., "Was the 2004 Election Stolen," http://www.rollingstone.com/news/story/10432334/was_the_2004_election_stolen ; Steven Hill, "Election Security 2006":

http://www.tompaine.com/articles/2006/06/05/election_security_2006.php, and "Recipe For A Fair Election" [:http://www.tompaine.com/articles/2006/06/12/recipe_for_a_fair_election.php](http://www.tompaine.com/articles/2006/06/12/recipe_for_a_fair_election.php)

14. See Marcus Raskin and A. Carl Levine, eds., *In Democracy's Shadow: The Secret World of National Security* (New York: Nation Books, 1994); James Carroll, *House of War: The Pentagon and the Disastrous Rise of American Power* (New York: Houghton Mifflin, 2006).

15. The *Washington Post* has estimated that Democratic presidential candidates "depend on Jewish supporters to supply as much as 60 percent of the money." Quoted in "[The Israel Lobby and U.S. Foreign Policy](#)," John J. Mearsheimer and Stephen Walt, Faculty Research Working Paper Series, No. RWP06-011, Kennedy School of Government, Harvard University, March, 2006, p. 18 and note 76.

16. See Noam Chomsky, *Failed States* (Metropolitan: 2006), esp. chapter 6; Jeff Faux, *The Global Class War*; Anatol Lieven, "Need for a new force in US politics: spies and generals protest," *Le Monde Diplomatique*, June 9, 2006.

17. See the chapter by Michael Tomasky in George Packer, ed., *The Fight Is For Democracy* (Perennial: 2003); also my commentary on Tomasky and Packer in "Liberals in Search of a Foreign Policy," *Z Magazine*: <http://zmagsite.zmag.org/Dec2003/herman1203.htm>. See also, Peter Beinart, *The Good Fight* (Harper Collins: 2006) for a perspective very similar to that of Tomasky.

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