War or Peace? The World After the 2008 U.S. Presidential Election

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With the presidential election only a week away, the financial crisis has been dominating the news, but behind it is an even larger question of war vs. peace. This Global Research article will appear in a forthcoming issue of Eurasia Critic magazine.

INTRODUCTION

World war or world peace is the blunt choice that will face either Barack Obama or John McCain when one of them is elected president of the United States on Tuesday, November 4, 2008.

For a major eruption of violence to be averted, the new president must deal positively with the reappearance of Russia on the world stage, the emergence of China as an economic force, and the aspirations of all the nations on earth for a decent and secure way of life.

Making matters much more dangerous are the ongoing financial crisis, along with what appears to be the start of a worldwide economic recession of as yet undetermined depth and duration.

It is Europe, not the U.S., from which proposals are emerging for a transformative approach to the most compelling issues. But will it be enough?

THE DISASTROUS PRESIDENCY OF GEORGE W. BUSH

In December 2000, at the time the U.S. Supreme Court was intervening in the disputed vote count in Florida to name Republican George W. Bush president over Democrat Al Gore, the stock market began to crash. The "dot.com" bubble, based largely on foreign investment in internet companies and technology stocks, deflated. By the time Bush was inaugurated in January 2001, signs of a recession were appearing.

This did not prevent the Bush administration from initiating a $450 billion tax cut for the upper income brackets that Congress approved in March 2001. A similar cut was subsequently enacted in May 2003.

In September 11, 2001, the World Trade Center's Twin Towers in New York City were attacked by airplanes flying into them, followed that morning by an air attack on the Pentagon in Washington, D.C.

Terrorists from Al Qaeda, an organization of Islamic extremists associated with the Afghan mujaheddin, and a Saudi figure, Osama bin Laden, alleged to be their leader, were blamed.

The wealthy bin Laden family had close ties to the U.S. and the Bush family.

Within a few weeks, the Bush administration pulled a battle plan from the shelves of the Pentagon and invaded Afghanistan. The object was to wrest control of that nation from the Taliban, supposedly Al Qaeda collaborators. A new U.S. Asian land war had begun.

In March 2003, the Bush administration added to the Afghan action the second invasion of Iraq in the past thirteen years, following the “Shock and Awe” aerial attack. The assaults on Afghanistan and Iraq, with torture of prisoners, use of depleted uranium weapons, and killing of civilians, was methodical and brutal.

Americans who had opposed the Vietnam War in the 1960s and 70s were appalled at how history was repeating itself. The public was subjected to a relentless barrage of pro-war propaganda by square-jawed military talking heads

Behind the scenes were the international financial and oil interests who stood to benefit from the removal of Iraqi president Saddam Hussein as an independent actor in the Middle East. Financiers like David Rockefeller, who had founded the Trilateral Commission and was one of the “internationalist” leaders of what had come to be called the “New World Order,” tended to remain in the shadows, but their presence was palpable.

Rockefeller had reportedly expressed his world view in a statement at a 1991 meeting of the Bilderberg Group:

> “The supra-national sovereignty of an intellectual elite and world bankers is surely preferable to the national auto-determination practiced in past centuries.”

With respect to most of the U.S. military actions after World War II, especially the ones after Ronald Reagan was elected president in 1980, an argument could be made that the internationalists were using the U.S. military as their personal global police force.

Even so, the Neocons—“new conservatives”—who had rushed to the forefront after September 11, 2001, working chiefly through Secretary of Defense Donald Rumsfeld and Vice-President Richard Cheney, seemed to be a more radical element than the officials who had been in charge during the Clinton years, when the U.S. and NATO went to war against Serbia. Many of the Neocons were Jewish, with strong ties to Israel.

In 1997 the Neocons had created the Project for a New American Century, which advocated a new invasion of Iraq, and published a statement that positive change might result from a “catalyzing event—a new Pearl Harbor.” Later this was interpreted as possibly having foreshadowed the 9/11 attacks.

President George W. Bush justified the Iraq invasion by claiming that the regime of Saddam Hussein possessed weapons of mass destruction. Later this claim proved to be a lie.

To many the attack was a simple act of aggression. Kofi Annan, Secretary General of the U.N. said of the invasion on September 16, 2004, “I have indicated it was not in conformity with the U.N. charter. From our point of view, from the charter point of view, it was illegal.” The U.S. paid no attention to Annan’s misgivings.

The U.S. attack on Iraq was not without controversy, even among the international elite. According to Daniel Estulin, writing in his breakthrough book, *The Bildergerg Group*, the Europeans at the 2001 Bilderberg Conference summoned Donald Rumsfeld and blasted him for prematurely planning an attack on Iraq that year. But by 2003, says Estulin, they were prepared to endorse it. Still, the U.S. had far less active support from other nations than with the 1991 invasion of Iraq under George W. Bush's father.

WARS ARE NOT CHEAP

Starting in 2001, the Bush administration had increased the frequency of White House meetings with Alan Greenspan, chairman of the Federal Reserve, who lowered interest rates by 550 basis points from January 2001 to June 2003. This succeeded in floating the U.S. economy through injecting a huge amount of cash into what came to be called the "housing bubble."

It's consumer spending that keeps the U.S. economy running, but ever since the 1980s, when we began to export so many of our manufacturing jobs, family income had stagnated. It has been established by researchers, and documented as well by Daniel Estulin, that at a certain point the financial elite made the momentous decision that the U.S. would be de-industrialized. According to one account, this decision had been a topic of discussion in meetings in China, after Nixon's visit there in 1972, that were held among David Rockefeller, Secretary of State Henry Kissinger, and Chinese Premier Chou En-Lai.

When Rockefeller and Columbia University professor Zbigniew Brzezinski—later President Jimmy Carter's national security adviser—formed the Trilateral Commission in 1973, the plan to turn the U.S. into a financial/service economy instead of the world's greatest industrial democracy seemed to become a key objective. How well this program succeeded is shown by statistics from the website *Economy in Crisis*:

· From 1978 to July 2008, more than 16,613 U.S. companies were sold to foreign corporations.

· The steel, publishing, textile, machine tool, automobile, and electronics industries declined sharply.

· By 2006 American manufacturers suffered a twenty-two percent structural cost disadvantage compared to overseas competitors through taxes, health and pension benefits, litigation, regulation, and unequal environment protection.

· In 2006, $1 in $4 of US consumption on manufactured goods went immediately and directly to imports.

· In 2007 China alone exported over $321 billion in goods to the United States compared to the $62 billion in goods we exported to them. The U.S. trade deficit, estimated to exceed $800 billion in 2008, is costing $1.5 million per minute in remittance to foreign companies.

· Three million high-paying manufacturing jobs were lost between 2000 and 2005 alone. The U.S. lost 63 thousand jobs just in February of 2008.

· Foreign manufacturers operating in the U.S. accounted for over twenty percent of our exports and manufacturing assets, and a large percentage of our employment in 2006.

· As of December, 2007, the U.S owed fifty-three percent of its debt to foreign countries and other international interests. This is 25.5 percent of our total national deficit, and we finance nearly 100 percent of all new borrowings from foreign interests. Our competitors are now our bankers.

· High-paying goods-producing industries have lost net employment over the past twenty-seven years, while lower paying non-tradable services-providing employment has doubled.

· In 2004, China and India graduated a combined 950,000 engineers versus 70,000 in the U.S. The United States ranks near the bottom of science/math proficiency

Beginning around 1991-92, with cheap credit now flowing from the Federal Reserve System, home prices soared. The money from new mortgages and home equity loans became a virtual "cash cow" for families strapped for cash.

The federal government had already been taking steps during the 1990s to ease mortgage credit so that more families could purchase homes. But after 2001, many more loans were based on fraudulent mortgage applications, where brokers exaggerated borrower incomes. ABC News later reported that during this period risk analysts at Washington Mutual, one of the nation's largest banks, were told to ignore high risk loans because lending had to be maximized. Those who objected were disciplined or fired.

On Wall Street, banks that wrote mortgages began to offload them by packaging them into mortgage-backed securities that were sold around the world as bonds to banks and investors. Risk analysts at the leading credit-rating agencies, such as Standard and Poor's, Moody's, and Fitch, gave their highest ratings to mortgage-backed securities whose risks were later acknowledged to be grossly underestimated.

Also, mortgage companies, with Alan Greenspan's endorsement, began to offer more Adjustable Rate Mortgages (ARMs), loans that would reset at higher rates in future years. Mortgage brokers fed the growing bubble by telling people they should buy now, because housing prices would keep going up and they could resell at a profit before their ARMs escalated.

As a result of the bubble, large amounts of money began to flow into the economy, not only from mortgages and home equity loans, but also from capital gains on the resale of inflating property. Meanwhile, in the world of investment securities, the Securities and Exchange Commission reduced the amount of their own capital investors were required to bring to the table, resulting in a large increase in bank leveraging of speculative trading. This fed additional bubbles in the equity, hedge fund, derivatives, and commodities markets. The SEC also eliminated most of its Office of Risk Management through budget cuts.

According to an April 2008 *Washington Post* article by New York governor Elliot Spitzer, state attorneys-general who wanted to investigate allegations of mortgage fraud were blocked from doing so by the Office of the Comptroller of the Currency within the U.S. Treasury Department. There was no federal agency charged with regulating mortgage fraud to take up the slack. Spitzer made these charges just before he was forced to resign from office over a sex scandal disclosed by a leak of FBI investigative documents.

Thus it appeared that a major part of U.S. economic growth was tainted by outright criminality, with collusion from the highest levels of the U.S. government, the Federal Reserve System, and the financial industry. But the housing and investment bubbles generated enough economic activity and tax revenues through 2006 to allow the Bush war policy to be implemented.

George W. Bush was reelected in 2004 at the height of the bubbles. By 2005, the housing bubble alone was accounting for half of all U.S. growth and yielding substantial tax revenues to all levels of government. Still, the Bush administration was running huge budget deficits from expenditures on the increasingly-expensive wars in Afghanistan and Iraq.

Congress approved funding for the Afghan and Iraqi wars even after the Democratic Party regained majority control in the 2006 elections. The funding also allowed for the start of construction in Baghdad of the world's largest U.S. embassy, as well as permanent military bases in Iraq.

During this time, an internal battle raged between the U.S. State Department, which wanted to implement a plan to rebuild Iraq's civilian infrastructure, and the Defense Department, which was mainly interested in military occupation. Defense won out.

L. Paul Bremer, former U.S. foreign service officer and managing director of Kissinger and Associates, was named occupation director. But the Iraqi economy and physical infrastructure were shattered. Two to three million Iraqi civilians were killed, injured, or driven into exile.

The housing bubble began to collapse when the Federal Reserve raised interest rates by 425 basis points from June 2003 to June 2006. In January 2006, Ben Bernanke replaced Alan Greenspan as Fed chairman. Greenspan had been chairman for nineteen years during which the largest financial bubbles in world history were created.

This sequence of events led some to contend that the Federal Reserve had both deliberately created the housing bubble, then deliberately destroyed it. Hundreds of millions of people around the world, including U.S. homeowners and foreign investors, ultimately were trapped in the Greenspan/Bernanke pincers.

By 2007, the federal government's debt was over $9 trillion and reached $10.3 trillion by October 2008. It was now obvious that a serious economic downturn lay ahead. By 2007, signs of a recession loomed, as homeowners who had signed up for "subprime" and ARM mortgages began to default.

By 2008 the number of home foreclosures would exceed four million. The mortgage-based bonds sold through Wall Street brokerage houses to U.S. and foreign investors, began to prove worthless. They had proliferated around the world as virtual time-bombs in investment portfolios.

By August 2008, foreign investors, such as the Bank of China, were becoming increasingly involved in the crisis. *Reuters* ran a story that Chinese banks planned to stop investing in U.S. markets, which the Chinese government denied, but the threat remained.

If the Chinese and other Asian exporting and petroleum-rich nations pull out, the days of "dollar hegemony," where the dollar constitutes the world's reserve currency, providing almost unlimited funding for the U.S. commercial and military empire, will be over.

THE BUSH ADMINISTRATION HITS A WALL

By the first presidential primary elections of 2008 in Iowa and New Hampshire, the campaign to select the next president of the United States was underway. The eight-year George W. Bush presidency would be ending within a year.

By now the Bush years seemed to exemplify the most grievously wrong-headed aspects of U.S. foreign and domestic policy since the election of Ronald Reagan in 1980. The 2008 election will mark the end of an era, though no one knows for sure what will come next.

What has to be questioned are an economy that has been downgraded from one based on industry to a service economy structured around finance, an aggressive military policy with U.S. forces engaged around the world, and trade and fiscal deficits as far as the eye can see.

With all this going on, the Bush White House has brought the world's most powerful nation to a point of crisis, possibly even to the brink of catastrophe.

In retrospect it can be seen that U.S. military occupation of the Middle East, focusing on Iraq and involving extensive collaboration with Israel, was an extension of the century-long attempt by the Anglo-Americans to control the region's fossil fuel resources.

But the nation of Iraq and its people had been crushed in the meantime. Even if the U.S. were to withdraw combat forces at some time in the future, the permanent military bases it plans to leave behind will be islands in a sea of hostility. Today even these bases are in jeopardy, as Iraq's elected government pressures the U.S. to commit to a complete withdrawal by 2011.

Iran has clearly been strengthened by U.S. action to destroy Sunni power in Iraq and has been emboldened by the successes of Hamas in Palestine and Hezbollah in Lebanon in standing up to the Israelis. U.S. intentions to attack Iran have evoked strong opposition among Europeans and can be seen to have enhanced the influence of Russia and China, since Iran is now an observing member of the Shanghai Cooperative Organization.

After initial successes in Afghanistan, U.S. forces have become bogged down in protecting the capital of Kabul, where President Hamid Karzai rules under virtual siege, while the Taliban have come back to contest control of the countryside. The U.S. has resorted to bombing sorties which often kill civilians and has begun to escalate the war by sending raiding parties into neighboring Pakistan.

After the 1991 collapse of the Soviet Union, the U.S., acting through NATO, moved aggressively to extend its influence into the former Soviet republics and surround Russia with nations friendly to the West. The former Soviet Union and Soviet satellite states that joined NATO were Estonia, Latvia, Lithuania, the Czech Republic and Slovakia (formerly part of Czechoslovakia), Bulgaria, and Romania.

The European members of NATO have not yet agreed to extend invitations to the Ukraine and Georgia after those nations expressed interest following establishment of pro-Western governments, though a communiqué after the 2008 NATO summit in Bucharest indicated membership would be forthcoming.

But the NATO façade may have cracked, as shown by a recent trip by German Chancellor

Angela Merkel to St. Petersburg for meetings with Russian President Dmitri Medvedev.

According to a report by George Friedman:

> "The central question on the table was Germany's position on NATO expansion, particularly with regard to Ukraine and Georgia. Merkel made it clear at a joint press conference that Germany would oppose NATO membership for both of these countries, and that it would even oppose placing the countries on the path to membership. Since NATO operates on the basis of consensus, any member nation can effectively block any candidate from NATO membership. The fact that Merkel and Germany have chosen this path is of great significance. Merkel acted in full knowledge of the U.S. view on the matter and is prepared to resist any American pressure that might follow." (George Friedman, "The Russian Resurgence," www.Stratfor.com, September 18, 2008)

Also by 2008 the U.S. was losing influence with the former Soviet republics of Central Asia—Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan—which had joined with Russia and China in the SCO. In central and south Asia, as well as Africa, nations have been unwilling to act as hosts for new U.S. military bases.

The U.S. had been losing ground in Central Asia and elsewhere even before Georgia invaded its former province of South Ossetia on August 8, 2008.

The invasion of South Ossetia by Georgia's forces, armed and trained by the U.S. and Israel, was crushed so decisively by the Russians as to be a major embarrassment to the Bush administration. According to Georgian president Mikheil Saakashvili's former defense minister Irakly Okruashvili, Saakashvili carried out the attack despite warnings from the U.S. that they could not come to his aid militarily. (Brian Rohan, "Saakashvili "Planned S. Ossetia Invasion": Ex-Minister," *Reuters*, September 14, 2008).

Okruashvili faulted the U.S. for not being sufficiently critical of Saaksashvili in the months leading up to the attack. From this report it is unclear whether the U.S., while trying to keep Georgia in its orbit as a pathway for natural gas pipelines, was trying to goad Russia into a major military confrontation, though such a scenario seemed possible. Of course the U.S. media and politicians blamed only Russia for the conflict.

In Latin America, the Hugo Chavez regime in Venezuela has begun to forge an alliance with Russia, even to the point of announcing a plan for joint naval maneuvers in the Caribbean. Chavez is also acting as an inspiration to populist movements elsewhere in South America, including those in Bolivia and Ecuador.

Announcements by Vladimir Putin, now the Russian prime minister, that Russia is opposed to a unipolar world were reminiscent of the 1970s, when President Richard Nixon and Russian General Secretary Leonid Brehznev met as equals to forge the policy of détente. Putin created a sensation on February 10, 2007, at the 43rd Munich Conference on Security Policy, when he said:

> "What is a uni-polar world? No matter how we beautify this term, it means one single center of power, one single center of force, and one single master."

Speaking of the U.S., Putin said:

> "The United States has overstepped its borders in all spheres—economic, political and humanitarian—and has imposed itself on other states….Local and regional wars did not get fewer, the number of people who died did not get less but increased. We see no kind of restraint – a hyper-inflated use of force….[The U.S.] has gone from one conflict to another without achieving a fully-fledged solution to any of them."

Putin clearly has rejected the one-world aspirations of the Western financial elite which acts through U.S. military power. After the Georgian crisis, Dmitry Medvedev, Putin's successor as president, reiterated:

> "The world must be multipolar. Single polarity is unacceptable. Russia cannot accept a world order in which any decisions will be made by a sole nation, even such a serious one as the United States. Such a world order will be unstable and fraught with conflicts."

Where did the European Union (EU) fit in after the Georgia debacle? Clearly the Europeans were not passive spectators to a U.S.-Russian standoff. European leaders moved quickly to negotiate a cease-fire in Georgia followed by withdrawal of Russian troops.

The more the EU acts as a bloc, the more it seems that a new nationalist entity has come into existence, complete with its own Euro-based currency. The European population wants peace, prosperity, justice, and to be left alone. They particularly do not want to be dragged into America's wars. The EU has also taken the lead economically with a 2007 GDP of $16.8 trillion vs. $13.8 for the U.S. (IMF figures)

In the Middle East times are changing too. Israel, for instance, seems to be in social crisis. Though Jews are both leaving Israel and moving in, the population is stable but small. Of a population of 7.3 million, 5.5 million are Jewish Israelis. A substantial minority of non-Jews are imported laborers.

But Israel has a poorly-formed middle class. The gap in Israel between rich and poor is growing, as in the U.S., often with only minimum wage jobs available, even to military veterans. Also, common lands in the kibbutzim are being privatized, and residents reportedly are tending to withdraw from peripheral areas to settle around Tel Aviv for safety from strife with the Palestinians. (Ian S. Lustick, "Abandoning the Iron Wall: 'Israel and the Middle Eastern Muck'," *Middle East Policy*, Vo. XV, No. 3, Fall 2008)

Some Israeli politicians say that Iran, with its supposed nuclear ambitions, poses an "existential threat" to the nation. But there are reports that the U.S. has told Israel they will not be permitted to attack Iran on their own.

ECONOMIC COLLAPSE

If the Bush administration is being challenged in the foreign policy arena, in the area of macroeconomics it may have been checkmated.

As stated previously, the financial crisis deepened in the late summer of 2008 when China and the other nations of the world that had been floating the U.S. fiscal and trade deficits by their purchase of public and private securities became alarmed. This was in reaction to Wall Street's issuance of the huge amount of "toxic" debt from mortgage-backed securities that were now collapsing in value as the housing bubble imploded.

Analyst William Engdahl has stated that the financial meltdown was secretly planned in order to weaken the European banking system. Engdahl wrote:

"As one senior European banker put it to me in private discussion, 'There is an all-out war going on between the United States and the EU to define the future face of European banking.'"

The start of the recession and the decline of purchasing power by consumers who can no longer borrow quantities of money also means that the U.S. will cease as the customer of last resort whose purchases conveniently float the world economy. The Japanese, sitting on billions of U.S. dollars in their bank accounts, are reportedly furious that U.S. consumers might no longer support the abundant lifestyle of the world's richest nation.

The dollar is so shaky that some nations are reducing their dollar reserves and turning to other currencies. Talk has been rampant about a worldwide shift to a multi-currency regime, possibly including the Euro, the Yuan, the Yen, and even the Ruble. In March 2007 the Governor of China's Central Bank Zhou Xiaochuan announced:

> "China will diversify its $1 trillion foreign exchange reserves, the largest in the world, across different currencies and investment instruments, including in emerging markets."

The U.S. Council on Foreign Relations is supporting the movement to a multiple currency regime in its journal, *Foreign Affairs*. Though the federal government denies any concrete plans, the so-called Amero has been mentioned as the currency of a hypothetical North American Union made up of the U.S., Canada, and Mexico.

Meanwhile, the Bush administration, led by Secretary of the Treasury Henry M. Paulson, working in league with Federal Reserve Chairman Ben Bernanke, has begun to introduce gigantic amounts of publicly-backed credit to rescue the exploding financial system.

As recently as 2006, the U.S. financial industry earned over $500 billion in profits—an astronomical sum. Some hedge fund managers were earning $1 billion a year. Now Wall Street is a disaster scene, with financial firms losing over 200,000 jobs in a year and major investment banks going bankrupt.

Also, the two quasi-governmental mortgage guarantee agencies, Fannie Mae and Freddie Mac, have failed. Despite their lavishing $175 million in the last decade on buying influence from Congress, the government has fired their executives and is taking the two agencies over in a conservatorship. The government also took over insurance giant AIG.

When, on September 23, 2008, Henry Paulson asked for $700 billion dollars to purchase bad debt from U.S. and foreign banks without any oversight or guarantee of success, Congress revolted, with the House of Representatives rejecting the proposal in an initial vote. They did so because their constituents were enraged with the terms proposed by the Bush administration for a gigantic giveaway of taxpayers' money. (Richard C. Cook, "Mortgage Fraud: The Paulson Bailout Plan," Global Research, September 23, 2008 http://www.globalresearch.ca/index.php?context=va&aid=10322)

U.S. taxpayers could now be finding themselves on the hook for possibly trillions of dollars of debt liabilities due to Wall Street mismanagement and fraud. Both the Securities and Exchange Commission and the Federal Bureau of Investigation have begun belated criminal investigations. Americans on "Main Street" and their representatives in Congress remain horrified.

Some say the capitalist era is over. The financiers and stock brokers have run rampant in the 2000s under President George W. Bush. They've been called, only half-jokingly, "The Masters of the Universe."

But their excesses have been encouraged by the Bush administration, the Federal Reserve, and the government's regulatory agencies, which have combined to facilitate an explosion of leveraged speculation in the housing, hedge, equity, commodity, and derivative markets. More shocks undoubtedly lie ahead.

By September 2008, as the bubbles were starting to blow up, the greatest financial crisis since the Great Depression was underway. Despite initial opposition, Congress caved in to pressure from Bush and the bank lobbyists and approved a revised version of Paulson's plan. According to reports, including a statement on the floor of the House of Representatives by Rep. Brad Sherman (D-CA), members of Congress were threatened with a declaration of martial law to keep public order if the measure failed.

The Treasury Department has started to float new bond issues to raise money to buy the bad mortgage debt, not only from U.S. banks but from foreign investors as well. Meanwhile the stock market is continuing to decline and by October 10 had lost almost forty percent of its value in a year. Over $8 trillion in wealth had vanished from U.S. markets, including the retirement savings and dividend income of tens of millions of people. On October 24, the Dow Jones closed at 8,378.95 vs. 14,198.1 on October 11, 2007.

At the same time, rising prices of oil, food, and other commodities have begun to produce another era of global stagflation, similar to the 1970s, though oil prices have fallen recently. Still, the U.S. financial collapse is resulting in the onset of a worldwide recession that most commentators, including economists at the IMF, said could only get worse—possibly much worse.

Has the New World Order proved to be a parasite that killed its host? Maybe in the U.S. it has. By early October 2008, millions of Americans had been crushed by debt and were losing their homes to foreclosure, tent cities of the homeless were springing up, unemployment claims were soaring, and factory orders were plummeting.

The credit crisis is combining with shortage of consumer purchasing power to cause commerce to shut down at a time when stores should be increasing inventory for the Christmas season. Most of the major chain stores are closing unprofitable retail outlets, throwing thousands of employees out of work.

With the financial system crashing it was only a month from the presidential election, when it would be up to the next president—either Barack Obama or John McCain—to deal with these calamities. Other than a small "stimulus" tax rebate in the spring of 2008, nothing had been done by the Bush administration to rebuild the weakened U.S. producing economy or help the rank and file consumer.

Whose fault was it? David Rockefeller had clearly been the leader during past decades of the "intellectual elite and world bankers" who would replace the old-fashioned nation-state and whose legacy the U.S. was now reaping. **Rockefeller had been quoted as saying at the United Nations on September 23, 1994:**

> "This present window of opportunity, during which a truly peaceful and interdependent world order might be built, will not be open for too long. **We are on the verge of a global transformation. All we need is the right major crisis and the nations will accept the New World Order." (Berit Kjos, "The U.N. Plan for Global Migration," News with Views, 2006)**

Intended or not, the "major crisis" had arrived.

Rockefeller may have been a kind of "Emperor of the West," but he is now 93 years old. Yet he has successors who are now running things. Henry Paulson is the most visible. Also prominent are the heads of the largest banks who are being featured regularly in news reports, such as Jamie Dimon, CEO of the banking colossus J.P. Morgan Chase.

Washington Mutual Bank had run short on ready cash during the credit crisis, so Dimon's bank was able to acquire its $307 billion in assets for only $1.9 billion. Commentators said it was a "fire sale."

William Engdahl writes:

> "The Paulson plan is now clearly part of a project to create three colossal global financial giants—Citigroup, JP MorganChase and, of course, Paulson's own Goldman Sachs, now conveniently enough a bank. Having successfully used fear and panic to wrestle a $700 billion bailout from the U.S. taxpayers, now the big three will try to use their unprecedented muscle to ravage European banks in the years ahead."

THE 2008 ELECTION

When the financial crisis struck during the week of September 22, it was only six weeks before the presidential election. Democrat Barack Obama shot up in the polls, because voters perceived him as more likely than Republican John McCain to deal effectively with the situation.

Obama, with a Kenyan father and a white American mother, was the first African-American to run for the presidency of the U.S. on a major party ticket. To many it was a shock that Obama had defeated such a formidable opponent as Hillary Clinton, wife of former president Bill Clinton, in the Democratic primaries.

Now Obama was the beneficiary of the bad economic news. In American politics, Democrats, with their New Deal heritage and the semi-prosperity under Clinton in the 1990s, are viewed as being more in touch with the economic problems of ordinary citizens. Also, the Democrats' income policies have generally favored the working and middle classes more than the rich, and Obama was promising to repeal the Bush tax cuts that benefited mainly the upper brackets.

Further, the incumbent party—in this case the Republicans—is more likely to be viewed as responsible for the current economic situation, good or bad, and McCain had consistently allied himself during his long Senate career with the financial deregulation dating from the Reagan years that was now proving disastrous.

McCain had just finished saying in a speech, "The fundamentals of our economy are strong," but on Wednesday, September 24, he changed his tune. Now, he said, he was suspending his campaign and would return to Washington, D.C., to help solve the crisis. The Democrats howled with derision at this seeming act of political hypocrisy which showed, they said, how desperate McCain had become to maintain credibility.

Clearly the campaign had now changed—or had it? Until the financial crisis, both Obama and McCain had been extremely cautious in putting forth proposals, trying more to avoid saying anything the media could criticize than to suggest fundamental economic changes. Also, Obama's presidential campaign had received huge contributions from Wall Street.

Both men had been presenting themselves as populists, the friends of the middle class. McCain emphasized tax reduction and limitations on government spending as means of economic growth. Obama spoke in favor of job creation, including five million new jobs from "green energy"—solar and wind power, etc. He also promised to cut taxes for those earning less than $250,000 a year.

But neither had been convincing as signs of an economic recession began to accelerate. Obama's five million new jobs, for instance, were an intention, not a plan. But they were obviously needed. The financial emergency hit after job losses of 60,000 for August were announced.

Nor did either offer many specifics or explain how they could implement new federal programs in the face of the gigantic budget deficits being projected. CNN news commentator Lou Dobbs blasted them for delivering "poll-driven sound bytes" and failing "to even mention real economic issues," like the overseas outsourcing of jobs.

Washington Post columnist David Broder accused the pair of "running from reality." Broder added:

> "The frustration that is growing stems from their mutual reluctance to talk candidly about the situation one of them will inherit. If either of them has a clue what to do to help stabilize this tottering economy, he is keeping it to himself."

What was most clear about events was that the deregulation of the financial system that began in the 1980s now could be seen to have wrecked the U.S. economy. But neither Obama nor McCain proposed regulatory changes or sought in any way to challenge the machinations of the financial titans.

THE CANDIDATES TAKE NOTICE OF THE DEEPENING CRISIS

Housing and home ownership are among the key issues. During the housing bubble, the prices of homes inflated to two or three times their previous value. Now these prices have been collapsing, though homeowners still have to make payments in excess of what the homes were now worth. Critics have pointed out that the Wall Street bailout plan both Obama and McCain voted for was intended to keep home prices high, even if families have trouble making their mortgage payments and continue to lose their homes to foreclosure.

And mortgage payments are going up due to rising interest costs and the resetting of adjustable rate mortgages. On October 8, with the stock market still in free fall, the Federal Reserve cut interest rates for the banking system, but the rise in mortgage interest rates for consumers continued. It will be difficult for the Federal Reserve to cut rates further because this weakens the dollar and makes investments in the U.S. economy less attractive for China, Japan, and other foreign dollar holders.

Up to this point there has been scant mention of the fact that there had been no increase in the level of investment in the U.S. producing economy in thirty-five years. It is also a fact that with the rising level of unemployment and continued decline in the manufacturing job base, U.S. consumer purchasing power has caved in. And despite the financial bailouts, there is still no new economic engine to lead a recovery.

During the week of October 6, Obama continued to surge in the polls. Both McCain and his vice-presidential candidate, Alaska governor Sarah Palin, had performed poorly in the televised debates, and the projections of state-by-state counts in the electoral college showed Obama approaching enough votes to ensure victory. The election was now only a month away.

At this point the McCain campaign decided to "go negative" in criticizing Obama on "character issues," with an unnamed "high-ranking campaign official" making the incredible admission to the New York *Post* that "if the campaign focused on the economy we would lose." McCain's team had already announced they were halting their campaigning in Michigan, perhaps the industrial state hit hardest by the economic downturn.

On the evening of Monday, October 13, Obama tried to seize the initiative through a major address in Toledo, Ohio, on a new economic recovery plan which included the following provisions:

- A tax credit of $3,000 per job for companies adding jobs in the U.S.
- Elimination of capital gains taxes on investments in small and start-up businesses.
- $25 billion of federal money for infrastructure projects.
- Tax cuts for workers, middle-class employees, and senior citizens.
- Extension of unemployment benefits.
- Penalty-free hardship withdrawals from retirement accounts.
- Allowing bankruptcy judges to modify mortgage terms for distressed consumers.
- A ninety-day foreclosure moratorium for financial institutions that participated in the congressional bailout plan.

But there was a glitch. Despite the variety of provisions and the obvious voter appeal, the plan would only provide a $50 billion stimulus to the economy, less than $175 per capita. The amount would be dwarfed by the estimated total of $1.5 trillion the federal government had committed to between March 16 and October 3 to rescue the financial system.

The rescue included financial institution bailouts and takeovers, costs due to bank failures, new mortgage insurance, and tax breaks added to the bailout bill. This largesse would have to be paid for by yet more government borrowing, with an unprecedented $1 trillion deficit looming for fiscal year 2009.

Obama made a serious misrepresentation about the nature of the additional deficit by claiming that the government’s $700 billion outlay in purchasing bad bank debt would be paid back when the loans the debt was based on were redeemed. But the reason the debt was bad in the first place was that it came from mortgages that homeowners were expected to default on. Not even the power of the federal government was going to squeeze blood from this turnip.

In Obama’s wake came a host of progressive commentators offering their own stimulus proposals to be financed by government debt as though it would be as easy as turning on a garden hose. An example was the $300-$400 billion plan put forth by Rutgers University professor Eileen Appelbaum who, like Obama, never mentioned the possibility of increasing overall tax revenues or curbing military spending as funding sources.

The day after Obama put forth his plan, McCain said he would offer $52 billion in tax cuts but no stimulus spending. He had campaigned against congressional “earmarks,” which were a type of budget appropriation for infrastructure projects proposed by representatives for their home districts. McCain viewed federal infrastructure spending as “pork,” making it a taboo which he could not break at this late stage of the game.

The day McCain made his proposal, the government announced that $250 billion of the Wall Street bailout would be used for the Department of the Treasury to buy shares in the nation’s largest banks. This followed similar action announced for British banks by Prime Minister Gordon Brown. The measure would restore some of the bank capitalization lost through loan defaults. U.S. banks would now be partially nationalized.

A few days later, the Federal Reserve announced it would take over a critical function of the commercial banking industry by using its emergency powers to fund day-to-day operations of U.S. businesses through the discount window of the Federal Reserve Bank of New York.

In spite of all this, the Federal Reserve, the IMF, and every commentator writing on the subject was still predicting a long and deep recession for both the U.S. and world economies. Around the world stock markets continued to fall.

Meanwhile, in foreign affairs, there has been a subtle movement among the U.S. establishment over the last three years away from Israel. Former president Jimmy Carter’s book, *Palestine: Peace Not Apartheid*, was a milestone. Also, Obama’s vice-presidential candidate Joe Biden reportedly told Israel they would have to live with a nuclear Iran.

The candidates made the required nods in the direction of Israel as a valued ally, but none spent much valuable air time on the topic. Jewish voters typically voted with the Democratic Party and were not seeing any reason to switch.

Obama still had a credibility problem, except it was with progressive voters.

In running after having served in the U.S. Senate for only four years, Obama had come out of nowhere to capture the imagination of younger and highly-educated voters sick of Bush's wars. But far from being the peace candidate he seemed to be early in his election bid, now when he said he had opposed the Iraq War from the start, he clarified his position to mean that he only opposed it because the U.S. should have been focusing its military efforts more on Afghanistan and Pakistan.

He talked about "taking out Osama bin Laden," referring to the 9/11 attacks seven years ago. But bin Laden hadn't reliably been seen or heard from for years, and some doubt he is even still alive.

Obama also said, in accepting the Democratic Party nomination for president in Denver on August 28, that he would "truly stand up for Georgia" and "curb Russian aggression." Later Obama called Russia's actions "evil." Biden referred in his acceptance speech to "Russia's challenge to the free and democratic country of Georgia." Obviously, these aggressive positions, based on falsehoods, could trigger a U.S.-Russian confrontation if pushed to their logical extremes.

McCain has been serving in Washington, D.C., in the House or the Senate, since 1983. He is a former Vietnam prisoner of war and the son and grandson of Navy admirals. He graduated from the U.S. Naval Academy in 1958 with a dismal ranking of 894 out of 899.

McCain is the favored candidate of the military-industrial complex and, with Alaska governor Sarah Palin as nominee for vice-president, the religious right-wing. He is also the one who would likely ensure continued record-setting oil company profits.

While Obama called for an oil windfall profits tax that could yield $15 billion a year in new federal revenue, McCain's proposals "would deliver a $3.8 billion tax cut to the five largest American oil companies," according to the Center for American Progress Action Fund. $1.2 billion of the cut would go to Exxon-Mobil, largely associated with the Rockefeller family.

McCain had tried to appeal to the Christian fundamentalist constituency by picking Sarah Palin as his vice-presidential running mate, though no candidate for that office ever had less experience at the national level. She said that the Iraq War was "God's task," while British Petroleum reportedly was a sponsor for her inauguration.

Many thoughtful people, including conservative commentator George Will, have been dissconcerted at the prospect of a McCain/Palin presidency. Will, with his typical patrician understatement, said McCain's reaction to the economic crisis was "un-presidential" and "made some of us fearful."

McCain also has a reputation for a bad temper and making snap judgments. The selection of Sarah Palin seemed like an example of the latter. McCain is the oldest presidential candidate in history and not of the best health. People have been looking at Sarah Palin in light of the terrifying prospects that such a seemingly clueless person could occupy the White House if McCain died in office.

If Obama had been in danger of losing the progressive wing of the Democratic Party by his unwillingness to separate himself sufficiently from the Bush administration's militant foreign policy, events were still in his favor. By early October, with the highly unpopular bailout having been approved and the stock market continuing to sink, Obama remained calm in the televised debates and in campaign speeches.

For an outdoor speech in St. Louis, Obama drew 100,000 spectators. He has begun to look like a president-in-waiting, while McCain seems increasingly the man time has passed by.

But the next president could be faced with momentous decisions if he cares to make them. Events since the late 1970s showed how much the philosophy in U.S. ruling circles had moved away from President Richard Nixon's concept of a multilateral world based on a balance of power to one of world conquest by an international order headed by the global financiers and enforced by a militant U.S. government.

Therefore it is difficult for many observers to be hopeful about seeing the U.S. take its place among a peaceful family of nations. Both candidates promised "change." But would they change anything that really made a difference? Or would they just follow orders?

As the campaign entered its final month, it was Obama's to lose. Still, many people believed that the real reason George W. Bush had won the 2000 and 2004 elections was due to campaign fraud in Florida and Ohio respectively and feared that something similar could happen in 2008.

Would the Republicans steal what was arguably one of the most important presidential elections in U.S. history? The *New York Times* reported on October 9:

> "Tens of thousands of eligible voters in at least six swing states have been removed from the rolls or have been blocked from registering in ways that appear to violate federal law."

The Obama campaign was even calling for appointment of a federal special prosecutor to investigate allegations of illegalities. As Obama continued to rise in the polls and McCain fell further behind, some said that if McCain did win the election, it could be done only through dishonest means.

If the Republicans do steal the election and elect McCain/Palin, a coalition of progressive activists led by David Swanson has pledged to take action. Swanson wrote:

> "If your television declares John McCain the president elect on the evening of November 4th, your television will be lying. You should immediately pick up your pre-packed bags and head straight to the White House in Washington, D.C., which we will surround and shut down until this attempt at a third illegitimate presidency is reversed." (David Swanson, "A McCain Win Will be Theft: Resistance Planned," Global Research, October 20, 2008)

Then there were those who suspected that the 9/11 terrorist attacks had been carried out by elements within the Bush administration—or that they looked the other way and "allowed" the attacks to happen—and were afraid the Republicans would do something similar to arouse the fears of voters while McCain was staggering to apparent defeat.

Rumors that such an event was planned have been swirling for over a year. Such speculation, along with the fears about election fraud, shows just how much eight years of

Bush and Vice-President Richard Cheney has alienated the public and how little the president and his party are trusted.

EUROPE WEIGHS IN

But no matter whether Obama or McCain is elected, the U.S. is part of a larger world where its credibility is in the gutter and where economic weakness has begun to remove its power of choice.

It has already been noted that it was foreign creditors, especially China, that appeared to be threatening to pull the plug on the U.S. government's incessant borrowing which may have been the trigger that forced Henry Paulson to admit a crisis had hit by going to Congress for the financial rescue package.

Then with the election only two weeks away, it became clear that Europe had something different in mind than letting the U.S. return to its old ways of what might be called "Wild West" economics. After all, for several decades, U.S. politicians and businessmen had run all over the globe grabbing whatever they desired in order to support the world's most wasteful and resource-intensive lifestyle.

At the same time as the U.S. was trying to shore up its failing—and flailing—financial industry, the nations of the EU have been taking actions to protect themselves. Except that the EU was focusing more on assuring solvency by increasing government control rather than the mindless "free-market" cash bailouts that Paulson and Bernanke were engineering. When in mid-October the Europeans weighed in, the U.S. stock market staged a single-day rally, with a gain of over 900 points in the Dow-Jones Industrial Average.

Over the past few years the sense has been building that the Europeans were becoming alarmed at the threat which U.S. misrule was posing to the world on a number of fronts, including 1) the breakdown of the world's largest economy triggered by gross irresponsibility on the part of both the U.S. public and private sectors; 2) the overly-aggressive and failing U.S. military posture in the Middle East; and 3) U.S. refusal to address overriding international issues like resource conservation and global warming.

On October 18, the Canadian *Globe and Mail* reported on a recent meeting between French President Nicolas Sarkozy and German Chancellor Angela Merkel. The report said, "Nothing would be truly fixed, they believed, until there was a new world financial system in place, a new economic watchdog supervising the world's economies."

British Prime Minister Gordon Brown had written as much in a memo to the French and German leaders. The *Globe and Mail* report continued:

> "Europe had reached a consensus, at least superficially, on a solution that had not been attempted in sixty-four years: a major global meeting that would attempt to redesign the world-finance system. It was an acknowledgment, at a high level, that with the current crisis, the entire postwar economic system may have come to an end.... By Tuesday morning, the Americans were on board, at least as far as attending the proposed meeting — expected to be held in New York shortly after the November 4 presidential election. [Canadian] Prime Minister Stephen Harper, fresh from his re-election, said Friday he also supports holding the meeting. All the G8 industrialized nations have agreed to attend, at least on paper, and it is expected that China, Brazil and India will take part. While there's no consensus on what the new financial order should

> be and there are signs of deeply divergent views, these countries appear at least willing to talk about a new international order at a meeting the three European leaders are calling Bretton Woods II, after the 1944 meeting that started it all."

The day before the *Globe and Mail* report, an article by Brown appeared in the *Washington Post*, where he wrote:

"This is a defining moment for the world economy. We are living through the first financial crisis of this new global age. And the decisions we make will affect us over not just the next few weeks but for years to come. The global problems we face require global solutions."

Brown added that, "The next stage is to rebuild our fractured international financial system" and mentioned that the purpose was to "root out the irresponsible and often undisclosed lending at the heart of our problems."

Perhaps what Brown has in mind was to act on behalf of Europe in rescuing the Western financial system from the excesses of those in the U.S. who have wrecked it. Brown concluded diplomatically:

"There are no Britain-only or Europe-only or America-only solutions to today's problems. We are all in this together, and we can only resolve this crisis together. Over the past week, we have shown that with political will it is possible to agree on a global multibillion-dollar package to recapitalize our banks across many continents. In the next few weeks, we need to show the same resolve and spirit of cooperation to create the rules for our new global economy. If we do this, 2008 will be remembered not just as a year of financial crisis but as the year we started to build the world anew."

The *Globe and Mail* article provided additional detail on the topics the summit would cover:

"The document that Mr. Brown first made public on Wednesday morning …proposes a set of organizations — a 'new international financial architecture for the global age'— that will monitor risks in the financial system and provide an early-warning system; determine global standards of regulation; supervise international corporations in their cross-border activities, protect markets from excessive activities of speculators; stamp out major conflicts of interest and set standards for pay and bonuses; internationalize accounting standards, and provide transparency in complex financial transactions."

Over the weekend, Sarkozy and European Commission President José Manuel Barroso met with President Bush at the presidential Camp David retreat in Maryland where they announced "a series of summits on addressing the challenges facing the global economy," starting with one in the United States "soon after the U.S. elections."

But Sarkozy sounded much more aggressive than Bush or other U.S. officials had been in curbing reckless "free-market" abuses. He told the press:

"The president of the United States is right in saying that protectionism and closing one's borders is a catastrophe. He is right to say that it would be wrong, catastrophic, to challenge the foundations of market economics. But we cannot continue along the same lines because the same problems will trigger the same disasters."

Sarkozy mentioned several areas where he might want to negotiate new regulations exceeding what the U.S. and Britain were looking for, including more stringent regulation of international banks, hedge funds, and credit-rating companies. According to press reports, he also said that world leaders should reconsider the rules governing offshore tax havens such as the Cayman Islands.

Sarkozy has also been reported as saying, “We want a new world to come out of this. We want to set up the basis for a capitalism of entrepreneurs, not speculators.” Another topic Sarkozy and other European leaders have mentioned is restoring the system of fixed currency exchange rates that the U.S. abandoned in 1972, an action which introduced an era of worldwide currency anarchy. He said that fixed, but flexible, exchange rates “should definitely be on the table.”(*Bloomberg.com*, October 6, 2008)

Regarding any potential conflict with the U.S. over the upcoming summits, Sarkozy said after a meeting in Europe: “Europe wants it. Europe demands it. Europe will get it.” (*Christian Science Monitor*, October 20, 2008)

Finally, on October 23, the White House announced that President Bush would host the first summit on November 15 in Washington, D.C. The *Washington Post* reported that:

“Sarkozy, British Prime Minister Gordon Brown, and others have signaled a desired to go much further in regulating markets than Bush seems inclined to do. Brown said yesterday that he wants greater cross-border oversight of banks and other financial firms, while Sarkozy called for much stricter government supervision of financial markets.”

By now attendance had been expanded to include the entire G-20 which represents two-thirds of the world’s population. The G-20 includes Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, the United States, and the European Union.

Finally, at a meeting hosted by the Chinese on October 25 in Shanghai, Chinese Prime Minister Wen Jiabao confirmed the need for far-reaching measures. With Japanese Prime Minister Taro Aso, German Chancellor Merkel and French President Sarkozy in attendance, the attendees issued a statement which said they recognized “the need to improve the supervision and regulation of all financial actors, in particular their accountability” and agreed “to undertake effective and comprehensive reform of the international monetary and financial systems.”

Prior to this meeting, said *Reuters*:

“The front-page commentary in the overseas edition of the *People’s Daily* said that Asian and European countries should banish the U.S. dollar from their direct trade relations for a start, relying only on their own currencies.”

The era of American unilateralism is clearly on the verge of ending, but are we seeing the same configuration of nations that run the Trilateral Commission and the Bilderberg Group taking advantage of the crisis to further the New World Order agenda of total domination of the world by Western international finance?

And is this why smaller nations such as Iceland are seeing their currencies under attack from unknown sources? Other nations with shaky currencies are Poland, Hungary, Ukraine, Serbia, the Baltic states, Kazakhstan, Indonesia, South Korea, Argentina, Russia, Pakistan, and Brazil. Is someone trying to stampede these nations into seeking shelter under an umbrella belonging exclusively to the big Western banks?

And will such measures simply bind every nation on earth more stringently to the worldwide debt-based monetary system that has failed so spectacularly? Are we in fact seeing the stage now being set for the complete and final triumph of the global reign of usury?

And if the U.S. financial system is completely controlled by whatever supranational infrastructure is devised, will it then be subjected to the same type of neoliberal regime of austerity and privatization the IMF imposes on the nations it dominates? Will the "Washington Consensus" turn and devour its originator?

In a 1998 paper, World Bank analysts stated, "Crises are a window of opportunity." (Dr. Richard Werner, *Gang8 Yahoo Group*) So was the financial crisis engineered at this stage of the U.S. political process to create what could be a global financial *coup d'etat* before the next president takes office?
Or is there a more benign interpretation of events? Is the older, wiser, and more mature civilization of Europe riding to rescue a world the U.S. has brought to the brink of destruction?

Whether it's Obama or McCain who is elected president on November 4, that person will sit in attendance at the planned summits with the rest of the world presenting its case for change. Of course change there has to be. The U.S. owes the world a mountain of debt, as well as redress for its lawlessness.
Also, the possibility of a federal government debt default in 2009 is looming for a nation that has never been in such a precarious financial position. The days of the Wild West are indeed over. But what will come next?

WHAT SHOULD THE NEXT PRESIDENT DO TO FACE THE CRISIS?

Senior White House correspondent Helen Thomas said of Bush, "He is the worst president in all of American history." The public shares Thomas's view. By mid-October 2008, ninety percent of those polled said the nation was headed in the wrong direction.

Former President Jimmy Carter said something similar in the area of foreign policy: "I think, as far as the adverse impact on the nation around the world, this administration has been the worst in history."

One thing is certain: the legacy left by President George W. Bush is indeed a kind of Armageddon. The challenges that will face the next U.S. president are almost beyond comprehension. They include war vs. peace and the ability of the world economy to function.

But with so many changes in the world, shouldn't we have not just an economic "summit," but a general framework for peace that would end hostilities in Afghanistan, Iraq, and the Eastern Mediterranean?

With respect to Russia, China, India and even the EU, the new president will doubtless be expected to embrace the politics of multilateralism in order to maintain a balance of power among the nations of the world. But shouldn't a strong voice also be given to the nations of the Islamic region, as well as Africa, Latin America, and Australia/New Zealand?

By now it is abundantly clear that global finance capitalism cannot replace the nation-state. It should be just as clear that only a world of functional and prosperous nations can create an effective international federation as contemplated by the U.N. charter.

The Europeans seem to have an inkling of this, but will the world arrive at stability if Western bank-run finance is seen as the only viable economic system? How about a broader approach to prosperity that would help the people of every nation on earth, not just those who live off lending and interest? Is our planet condemned to the misrule of various forms of "trickle-down" economics forever?

The organization that should be the most concerned is the U.N., but where is the U.N. today? Obviously it is nearly dead as a positive and active force in the world. In a farewell address preceding his 2006 retirement as secretary-general, Kofi Annan discussed three major problems of "an unjust world economy, world disorder, and widespread contempt for human rights and the rule of law," which "have not been resolved, but have sharpened" during his service.

This disintegration has taken place during the George W. Bush presidency. In a December 11 speech, Annan asked for the U.S. to return to President Harry Truman's multilateralist foreign policy and to follow Truman's belief that "the responsibility of the great states is to serve and not dominate the peoples of the world."

Anther matter the new president should deal with is to get control of the U.S. military-intelligence network. He must reverse the Neocon takeover of the State Department engineered by Secretary of State Condoleezza Rice and halt the militarization of U.S. embassies resulting from escalation of the number of military staff assigned from the Department of Defense.

Another major question is whether the danger of U.S. government bankruptcy will result in reduced military expenditures. But will the war-mongers surrender the enormous portion of the U.S. government budget they are accustomed to consuming?

While the furor over the financial meltdown was raging in October, Congress quietly passed a staggering $611 billion defense authorization on top of $189.3 billion in "supplemental" funding for the Iraqi and Afghan wars. The Pentagon says its budget will increase by $450 billion over the next five years.

Both Obama and McCain voted to approve the defense authorization bill. Among the projects they funded was a truck-mounted microwave crowd-control weapon being developed by Raytheon for 2010 deployment.

To be used to control civilian demonstrators, each weapon will cost $5 million. Wouldn't it be reasonable to ask the next president to explain why he thinks this weapon is needed?

Under another program the Defense Department will pay contractors a staggering $300 million "to produce news stories, entertainment programs, and public service advertisements for the Iraqi media in an effort to 'engage and inspire' the local population to support U.S. objectives and the Iraqi government," according to a letter from Senator Jim Webb (D-VA) to defense secretary Robert Gates. This is enough money to pay 6,000 employees $50,000 per year. Maybe Obama and McCain should explain why they voted to approve this outrageous expenditure.

Neither is NATO expecting a benign outcome to the world crisis. Author Michael Collon reported in an article on "What Will the U.S. Foreign Policy be Tomorrow?":

> "In January 2008, five former NATO generals presented a preparatory document for the NATO summit meeting at Bucharest. Their proposals reflect a terrifying possibility. And what gives weight to their document is that, up until recently, all of them held very high positions. General John Shalikashvili was U.S. Chief of Staff and Commander in Chief of NATO in Europe, General Klaus Naumann ran the German army and was president of the military committee of NATO in Europe, General Henk van den Breemen was Dutch Chief of Staff and Admiral Jacques Lanxade held the same post in France, while Lord Inge ran the General Staff and was also Chief of the Defence Staff of Great Britain." (Information Clearing House, October 12, 2008)

Collon described the document in a section entitled, "Five NATO Generals Prepare a World Government." The document stated, "What the Western allies expect is the pro-active defense of their societies and their way of life maintained over the long term." It continued, "The objectives of our strategy are to preserve the peace, our values, economic liberalism, and stability."

"Economic liberalism" means market-oriented global finance capitalism under the control of the Western banking system.

The document also identified enemies, the chief one being China:

> "China is in a situation to wreak great harm on the US and the world economies, based on its enormous reserves in dollars....China is in a position to use finance to impose itself on Africa and acquire the capacity to utilize it on a much greater scale—if it so decides."

This statement by the general is mind-boggling. Hasn't it been U.S. government policies that resulted in these dollars being paid to China? And isn't the West talking out of both sides of its mouth in planning a world economic summit that includes China, while contemplating war against that nation?

Indeed, the rise and fall of the U.S. bubble economy cannot be understood unless the role of China is taken into account. This role is increasingly problematic in light of statements such as one made recently by Shi Jianxun, a professor at Shanghai's Tongji University:

> "The grim reality has led people, amidst the panic, to realize that the United States has used the U.S. dollar's hegemony to plunder the world's wealth." ("U.S. Has Plundered World Wealth With Dollar," Reuters, October 24, 2008)

Whatever agreements U.S. bankers and politicians may once have made with China for them to take over our manufacturing while we lived off financial profits have grievously backfired. Solving this conflict with China peacefully may be the next president's greatest challenge. But decisions to the contrary may already have been made, with the president's job being merely to carry them out.

FACING THE ECONOMIC CRISIS

Assuming that peace may yet prevail, we may hope that in facing the economic crisis, the next president will go beyond working with other nations in attempting to fix the financial system. No financial fixes will change the fact that a severe economic repression has arrived and that the producing economy of the U.S. and other nations have begun to spiral downward.

The possibility exists of enormous human suffering. In fact the suffering has already started, with bankers filing court actions that have led to uniformed policemen or even SWAT teams evicting large numbers of innocent people, often elderly, from their homes around the country. With the stock market crash, tens off millions of people are losing their hard-earned savings and retirement nest eggs.

The downward path to further human suffering is being prepared by mass media propagandists like the *Washington Post*'s Robert Samuelson, who argues that the hard times mean we must slash programs for the elderly and poor like Social Security, Medicare, and Medicaid. In an October 22 article Samuelson wrote:

> "I wish everyone a pleasurable retirement. But we need to overhaul our government retirement programs for the common good and not just the good of the elderly. We have already waited so long that there's no way to do this without being unfair to someone — overburdening the young or withdrawing promised benefits from older Americans. The present financial crisis, by reducing retirement savings, has made a hard job even harder. Still, these federal programs began as safety nets for the needy; now they've become subsidies for living long, regardless of need."

"Subsidies for living long"? With columnists for prestigious newspapers advocating policies that border on genocide, it's time to talk about real solutions.

The first thing to realize is that the money raised through taxes and borrowing from the future, which the politicians have thrown at their wars and financial bailouts, exists as real economic purchasing power. This means that it can be used for other purposes—for purposes that directly benefit the people of the nation who work for a living, send their children to school, and want to save for their old age.

The key to having money available for beneficial social purposes, rather than war and profits from lending, is that it should be issued directly by the government, not lent through the banking system which uses public debt as collateral.

The Democrats mention investment in U.S. infrastructure, though they do not provide details about how to pay for it except through more government deficit spending funneled through the Federal Reserve System. But what if we left the banks out of it for a change?

What would really help repair the damage to the collapsing U.S. domestic economy would be an uncompromising program of interest-free lending and grants for infrastructure development and an effort at restoring the nation's manufacturing base, along with decent, well-paying jobs. Such a program would constitute a "New Deal for the 21st Century," as spoken of by 2008 presidential candidate Dennis Kucinich (D-OH). Kucinich has introduced legislation for zero-interest infrastructure lending in the last two sessions of Congress.

The economic recovery program proposed by Barack Obama may be a step in the right direction, but the $25 billion infrastructure provision is pathetically small. Obama should be listening to Congressman Kucinich as much as to his own advisers and Wall Street campaign contributors.

Recently Kucinich released a sixteen-point plan that included infrastructure development, as well as implementation of the American Monetary Institute's American Monetary Act, the most progressive piece of monetary reform legislation in U.S. history. (www.monetary.org) It's in the area of monetary reform that Obama could have the greatest impact, though there's no indication it has crossed his mind.

One feature of the American Monetary Act is nationalization of the Federal Reserve, as was done with the Bank of England in 1946. The act would also provide for direct government expenditures for public purposes as took place in the 19th century with the Civil War Greenbacks. The Greenbacks helped fuel the U.S. economy until the early 20th century. Contrary to bankers' propaganda, they were non-inflationary. By comparison, under the Federal Reserve System, the dollar has lost ninety-five percent of its value, most of this loss taking place since 1965.

An area of economic recovery that has been ignored is the disappearance in the U.S. of family farming. During the Great Depression, a majority of Americans still lived on farms, so at least could grow food in times of trouble.

Today, the dominance of agribusiness, inflated land prices, the high cost of credit, "free trade," and NAFTA have taken away that ability. A nation that cannot feed itself locally is playing with fire. Who can say that famine could not arise even in developed nations during a general economic collapse?

DIVIDEND ECONOMICS

The one economic measure that has made a positive difference in 2008 was the federal government's issuance to taxpayers of a tax rebate averaging $600 per recipient. The stimulus measure demonstrates how easy it is to spend money directly into the economy if the politicians want to do so.

Along these lines, the new president could institute ongoing cash stipends to citizens similar to the Alaska Permanent Fund. This year the Alaska state government made a payment to each resident of $3,269 from resource revenues. The American Monetary Act also contains a dividend provision, as does the platform for the Green Party.

But $3,269 is not enough. An annual citizens' dividend of $1,000 per month has been proposed by Washington, D.C., analyst Stephen Shafarman, in his new book, *Peaceful, Positive Revolution* (Tendril Press, 2008).

A similar program leading to an annual basic income guarantee has been enacted by Brazil and was used in modified form by Argentina to recover from its economic collapse of 1999-2002. Shafarman is part of the U.S. Basic Income Guarantee Network, which has ties to its European counterpart, the Basic Income European Network (BIEN). For the author's own description of a dividend-based economic model, see "An Emergency Program of Monetary Reform for the United States," published at www.GlobalResearch.ca.

A citizens' dividend could work wonders in rebuilding the economy from the bottom up, including small business and local agriculture. To assure that dividends are spent for necessities, they could be issued as tax-free food, fuel, and housing vouchers from a government recovery account not dependent on taxation or borrowing. Rather the backing for the vouchers would be the productive potential of the economy.

This way, new economic production could be generated without bank loans. The vouchers, when spent, could be funneled into a network of community savings banks that would re-lend the money locally. (Richard C. Cook, "How to Save the U.S. Economy: The Cook Plan," *Global Research*, http://www.globalresearch.ca/

By taking such steps to restore economic vitality, the U.S. might eventually overcome the delusion spawned by the New World Order and clung to by all the leaders of the Western nations that financial wealth has meaning apart from a nation's producing economy. In continuing to maintain the fictitious belief in finance-based wealth without a robust producing economy to support it, the nations of the West have wandered down a cul-de-sac.

In 1896, William Jennings Bryan spoke at the Democratic National Convention, saying to the bankers and their tyrannical gold standard, "You shall not crucify mankind on a cross of gold." Today mankind is being crucified on a banker's promissory note.

Real wealth is created by human labor and ingenuity applied to the resources of the earth using energy that derives from nature. It is not created by bank loans. Credit has a role, but it should be treated as a public utility, like water, electricity, and clean air. (Richard C. Cook, "Credit as a Public Utility: The Key to Monetary Reform," *Global Research*, http://www.globalresearch.ca/index.php?context=va&aid=5772

Today a new economic science is needed. Such a science would build on such historical movements as Distributism and Social Credit, both developed by British thinkers in the early 20th century and current as viable economic schools of thought in Canada, New Zealand, Great Britain, Australia, and elsewhere.

Distributism posits an alternative to both capitalism and socialism by arguing that the best economic system is one that provides ownership and autonomy to the maximum number of people. When the Social Credit concept of regular dividend payments as a means of monetizing future production potential is introduced as well, an entirely new monetary basis for economic democracy emerges.

A revolution in economics is needed. The future of the world is now at stake, particularly because it is obvious that the U.S.'s status as the world's superpower is coming to an end. People know something is drastically wrong with a nation that relies more than any other on "market economics," yet has the world's largest prison population, a declining standard of living, decreasing life expectancy, an epidemic of drug and alcohol addiction, overwhelming debt, and so much domestic violence.

This is what turning over the nation to the financial elite has done. Will the next stage be an economic depression where millions more become homeless and people actually starve? If so, it all started when, in 1913, the financiers took over through the Federal Reserve System and created a monetary system based on usury, debt-based currency, and bank leveraging of speculation, combined with crony capitalism and criminal disregard of all legal and commonsense standards.

The politicians profited from this system which has now failed. The financiers and their enablers in the White House and Congress have driven a once-great nation off a cliff. Will the European solution of collective action to shore up the world's debt-based monetary system make a difference? Or will it just lead to a new era of international financial looting, forced population reduction, and a more sophisticated police state than anything we have seen yet?

ECONOMICS OF THE SPIRIT

Maybe a New World Order really is needed. If so, shouldn't it be one with a genuine spiritual basis leading to economic justice, not just a modification of the system we have today? Such a system based on economic justice was affirmed in a message to the author by an Australian author, Omna Last, who wrote:

"But what if there was a truly representative world government…I do not mean a coercive world government imposing itself on the peoples of the world, but one that operated exactly as you suggest an American government should operate in helping to fulfill the potential in the lives of Americans? A government that provided free no-interest economic dividends to every nation of the world community? If the money was embezzled, used for corrupt purposes, or helped to destroy the world's eco-system further, then that country would receive no free dividends for a period in the future."

In an article posted on his website on October 26, Omna Last wrote:

> "Earth is a temple. The money-changers have taken over the temple….It is time to remove the money-changers from their positions as priests of the new religion of money….Governments all over the world should be run by people in tune with their divine selves – their conscience, in tune with God, not in love with money and its power, but in love with the moral laws of the Universe." (www.omnadeLight.com)

Those with eyes to see knew the present crisis was coming long ago. That vision now has spread to more people. What is increasingly clear is that positive change, as opposed to the change that is just a drift to disaster, will only happen when people who love freedom demand it, work for it, and sacrifice for it. Will the next president of the United States facilitate such change or stand in its way?

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