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THE MYTHS AND THE REALITIES OF
DEMOCRACY IN THE UNITED STATES

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Praha 2008

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1. Introduction

Historical myths are an inseparable feature of any national identity. They are the cement of national unity and an indispensable tool for those who govern. A system is as stable as its myths. Homer and his remarkable stories of ancient Greece is an example of an early historical mythology. To understand the real meaning of this beautiful literature, history had to wait for Carl Kerényi. Kerényi brought to the Greek myths the art of *hermeneutics*, interpreted by C. Moustakas as “the art of reading a text so that the intention and meaning behind appearances are fully understood”.

Today, when analyzing history, we can often be mystified by works of various historians whose work takes attributes of fiction rather than reality. Fortunately not all historians understand their role as that of the story-tellers who should only glorify the nations’ official heroes. There are historians who put a spot light on ignored events in history, forgotten public heroes, and who look at the official heroes with a critical eye. This often brings to light a picture quite contrary to the perpetually repeated story children hear at school in full colors so that they remember it when they become the general public. Among those who keep deconstructing this purposely idealized view of state building in the public mind, belong Gore Vidal who wrote remarkable historic novels. His books are based on very detailed studies, resulting from thousands of pages of historical documents. His rich work includes titles like *Julian*, *Creation*, *Empire*, *Lincoln* and *Burr*, the last of which contains a memoir. Although imaginary, the book is a meticulously researched work—Vidal did this sort of thing with every historical figure he has worked on. In the “Afterwards”, to his novelistic treatments of US history, Vidal maintains that in all but a few instances, the characters’ actions and many of their words are based on actual historical record.

As many other books written about the past, non-fiction books concerning US history mostly distort stories, paying uncritical tribute to the “Founding Fathers”, as they are known in the US. US history school books are great evidence of the mythology surrounding the so-called Founders and modern history.

One of my reasons to choose this topic is a political situation in my mother land. The Czech Republic is in a process of repeating the same mistake of putting itself under an iron heel of a great power. This time directly inviting foreign armed forces to stay on Czech soil. To be exact, it is being done by the government against the will of over seventy percent of the Czech people, who realize their country is being turned into a possible target in the current “Great Game,” rather than believing in protection. This is a very rational conclusion since the great powers have always only pretended to care for the small countries, but were always purely after their own interests. Interests of a great power and a considerably smaller state may be common for some time, but as soon as the interests diverge, there is no support. Take for example the US encouragement and promised support to Imre Nagy in Hungary, 1956. Or, CIA support to the Czechoslovakian dissidents with no support for the *Prague Spring* of 1968. However, the most enthusiastic welcomers and believers of today’s super military power are the Czech conservatives who completely bought into the neoconservative ideology of “war is the solution”.

In this thesis, I would like to confront some of the myths told about the US political system, specifically about the so-called “democracy” of it, with the views of more critical analysts of

history such as George Bancroft (1800-1891), Charles Beard (1874-1948), Arthur M. Schlesinger, Jr. (1917-2007), William Leggett (1801-1839), and those who are fortunately still with us today, Gore Vidal and Howard Zinn, as well as some others. They choose to respect actual history more than the mythology surrounding the “Founders”, and spend most of their life on deconstructing the national myths told as US history. They are among those who represent the memory of the nation, which Vidal calls the “United States of Amnesia“.

The Czech book market mostly offers right-wing pro-US power writers and political figures such as Henry Kissinger, Robert Kennedy, Paul Kennedy, Zbignew Brzezinski, Patrick Buchanan, Francis Fukuyama, Robert Kagan, Paul Johnson. But also some authors with a more critical view of the US power and policy as John Lewis Gaddis, Noam Chomsky, C. Wright Mills, Jared Diamond, Joel Andreas, or the work of Thomas Paine.

First, I will study what democracy has to offer, and what are the existing systems using the word “democracy” in their title. To do so, I will first work with conclusions of the Sterling Professor emeritus of Political Science at Yale University, Robert A. Dahl.

To look at the roots of the political structures in the US, I will analyze the system of redistribution of power, in the words of the Federalist Henry Clay; the “American System“, designed chiefly by Federalists. Therefore, I will discuss the different standpoints of Federalists and Anti-Federalists, and the victory of pro-industrial capitalism, as promoted by the Federalists. Their victory provided the Constitution with laws consolidating the power of business over the civil rights of the people, and therefore over democracy. The Constitution also limited the independence of each state, bringing on the issue of nullification—a state’s right to nullify federal laws—which was invoked especially in the South, in the attempt to ignore federal laws after purchasing and conquering the new territories of Louisiana and the West. The dispute erupted into the Civil War, which due to the limited range of this work, I will not have a chance to discuss very deeply.

But because this work is challenging the very idea of the “American Democracy” that the United States claims to be, I will consider one of the most regarded Founding Fathers’ views on freedom and ‘equal rights for all’. I speak of Thomas Jefferson and his political and social views, which radically reduce the meaning of the famous phrase “all man are created equal.” I will also pay attention to James Madison, since he was the principal architect of the US system, having written the US Constitution.

Coming to the end I will discuss the power of issuing the money, which played a crucial role not only in the US. In Benjamin Franklin’s opinion, the power over issuing the currency was very much connected with the War of Independence. On the issue of a monopoly banking system and democracy, I will cite William Leggett, whose views are contrasted with the idealizing perspective of a cavalier coming from the landed nobility of Normandy, Alexis de Tocqueville, whose perspective of democracy in the United States is today often cited. Leggett was a journalist, writer and poet, but also a very bright economist, who saw a great threat to possible democracy, in the monopolizing tendency of the US economy, which was pioneered in the banking sector. Leggett was not the only one to be aware of the danger the Second Bank of the United States represented. Many Jacksonians and the remaining Jeffersonians of Leggett’s day

fought this matter as the one crucial to the future of democracy in the United States. Leggett did not live to see that his hopes would be surpassed by his apprehensions. That turning point in United States history occurred in 1913 when the Federal Reserve Act was passed by a deserted Congress, whose lawmakers were enjoying Christmas at home. The Federal Reserve Act of 1913 institutionalized the most undemocratic principle today at the heart of the US economy, in which trap, to this day, are found not only US citizens, but also the rest of the dollar-globalized countries' economies. In this context I will describe what I call the '*octopus effect*', in other words the 'kingdom of the FED'.

In the end I shall speak of the United States leadership, represented by its system of plutocratic government, born on September 17, 1787, when the Constitutional Convention assembled in Philadelphia. This system was seconded and maintained—ratified—at the later conventions of each individual state, in the name of “the People“, but in fact, against the interests of the poorest people, thus the vast majority. The system was then crowned by a monopoly banking system and, more generally, monopoly capitalism, which imposed, on the people, and the rest of the world, the rule of the few most moneyed, and therefore extremely influential, men, and a few women.

After describing the shakiness of “democratic” principles in the US power structures itself, I will cite the work of Sigmund Freud's nephew, Edward Bernays (1891-1995), who lived in New York, and is considered to be the 'Father of Spin', in other words, the father of propaganda, which he, after the World War I, renamed Public Relations. His books became text-books of modern propagandists running the consumer society, and politicians running what they call “democracy”. His advice to the manipulators of the public mind was used also by probably the most famous propagandist of all times, Joseph Goebbels. Bernays' books were found in Goebbels's personal library.

To define how the system of capitalism functions, I will discuss the studies of Seymour Melman (1917-2004), former professor of industrial engineering and operations research at Columbia University, as well as some of the views of economists like Joseph Stiglitz, John Perkins, Michel Chossudovsky, and Naomi Klein. I will also use the works of investigative journalists like Greg Palast, John Pilger, Amy Goodman, Bill Moyers, Adam Curtis, and Robert Greenwald. By studying their work, which is not to be seen or heard of in the mass media—the nervous system of democracy—, I will deconstruct the *fata morgana* of “United States Democracy“, and its prosperity, today. To do so, I will use historical, comparative and hermeneutic method.

2. Tradition of Democracy

2.1 Democracy - Its Essence, Origins and Principles

Democracy is a system of government by which political sovereignty is retained by the people. A polity is a democracy if and only if the people are the primary deciders of their situations. However, pure republics are today called “*representative democracies*”. This game of words is trying to make the republican system of government look more democratic, when in reality, it is not. Once responsibility starts to be too much relegated to 'representatives', somewhere the system starts shifting from a democracy to a republic. Yes, some republics are called 'democratic republics', but for the term 'democratic' to remain meaningful is a tricky matter. For a republic to remain a truly democratic republic it is not only necessary to have strong and responsive mechanisms for dismissing rogue "representatives", but it also must have mechanisms to guarantee the people that they will not end up with a special class of political elites telling the people what the people's will is, which is exactly what has happened in the US as well as in most other “democratic republics”. The political elites form a bureaucratic elite that gets corrupted and cannot be taken from control. Such systems have nothing to do with democracy except in name.

The word democracy derived from the Greek δημοκρατία, "popular government" which was coined from δῆμος (dēmos), "people", and κράτος (kratos), "rule, strength", in the middle of the 5th century BC to denote the political systems then existing in some Greek city-states, notably Athens. In Plato's *Republic*, Socrates argued that government is an art the purpose of which is to further the good of the governed. Aristotle and other ancient writers use the word democracy to define the exclusive rule of the poor in their own interest. Primacy of political thoughts on democracy as a system of government, which would overcome human misuse of power, belongs also to a Greek thinker, Herodotus. In his book *Histories*, he puts seven Persian mutineers in an argument about which form of government is best. The Persians discuss advantages and disadvantages of oligarchy, monarchy and democracy, to which Herodotus refers as *isonomie*¹, connoting “equality of rights“. According to Herodotus, democracy is constituted by equality under the law and principles of freedom. This nearly 2500 years old conclusion how to overcome misuse of power has not been surpassed.

Athenian democracy developed in the Greek city-state of Athens, comprising the central city-state of Athens and the surrounding territory of Attica, around 500 BC. Other Greek cities set up democracies, most, but not all, following an Athenian model, but none were as powerful, as stable, or as well-documented, as that of Athens. It remains a unique and intriguing experiment in direct democracy where the people do not elect representatives to vote on their behalf, but vote on legislation and executive bills in their own right. Participation was by no means open to all inhabitants of Attica, but the in-group of participants was constituted with no reference to economic class and they participated on a scale that was truly phenomenal.

¹ Herodotus, Book III, Thalia, Chapter 80, line 6.:<http://www.perseus.tufts.edu/cgi-bin/ptext?doc=Perseus%3Atext%3A1999.01.0125;query=chapter%3D%23484;layout=;loc=3.81.1>

Unfortunately Athens, in their craving for empire, tarnished what good reputation their democracy deserved by carrying out great atrocities along with the most distorted of moral and political rationales, especially during the Peloponnesian War. Both Athens and Sparta had interests in disrupting each other's trade. Both had carved up the Greek world into, largely, two huge camps and there was a period of sort of "Cold War" before things got hot. The war started with both sides making up pretexts in their diplomatic relations with each other. Even Thucydides makes it clear that it is unclear what the real motivations were, ultimately. However, the war broke out in 431 BC.²

Athenian Democracy reached its peak with Pericles. The most famous speech of that time, *Pericles' Funeral Oration* enlisted in Thucydides' *History of the Peloponnesian War*, pays tribute to all who died fighting for freedom, but also for the democratic principles of Athens, which were the primary source of their freedom:

If we look to the laws, they afford equal justice to all in their private differences... if a man is able to serve the state; he is not hindered by the obscurity of his condition. The freedom we enjoy in our government extends also to our ordinary life. There, far from exercising a jealous surveillance over each other, we do not feel called upon to be angry with our neighbor for doing what he likes...³

Here we see the roots of the famous phrase "*Equal Justice Under the Law*". Of course also the Athenians had slaves, and women could not vote. But, still, leveling the rights of the poor with those of the aristocracy, was truly revolutionary at that time. And it brought great prosperity to all. The liberality of which Pericles spoke also extended to Athens' foreign policy:

We throw open our city to the world, and never by alien acts exclude foreigners from any opportunity of learning or observing, although the eyes of an enemy may occasionally profit by our liberality..⁴

Yet Athens' values of equality and openness do not, according to Pericles, hinder Athens' greatness, indeed, they enhance it.

...Advancement in public life falls to reputations for capacity, class considerations not being allowed to interfere with merit.... [O]ur ordinary citizens, though occupied with the pursuits of industry, are still fair judges of public matters.... [A]t Athens we live exactly as we please, and yet are just as ready to encounter every legitimate danger.⁵

² In 510 BC the Peisistratid tyrants were expelled from Athens, but the revolution soon resulted in a power struggle between the ruling body of nobles (aristocrats) who returned from exile led by Kleisthenes and those who had stayed behind, led by Isagoras. When Kleisthenes found that he had no hope of success with only his aristocratic faction to help him he -- as Herodotos tells us -- took into his faction the ordinary people (the demos). In the end he successfully opposed Isagoras and reforming the Solonian institutions, he introduced a new form of constitution ~democracy', which was actually arising in several Greek city-states at the time. Kleisthenes divided Attica into 139 municipalities (called demes) which, in turn, were distributed among ten tribes.

³ Citizenship in Classical Athens: Pericles' Funeral Speech and the Athenian Acropolis:

<http://www.shc.ed.ac.uk/classics/undergraduate/ancient/documents/Seminar2PDF.pdf>

⁴ Ibid

⁵ Equal Justice Under Law: http://en.wikipedia.org/wiki/Equal_justice_under_law

Even though democracies in Greece existed for a relatively short period of time, and their evaluation by the most considerable Greek political thinkers, such as Aristotle and Plato, was not positive, democracies stayed in the minds of people as a hopeful form of government. Democracy as a possible form of government was brought back with the evolution of parliamentarianism, in 17th century, and then even more so in 18th and 19th centuries, with the rising of modern capitalism. Regarding some specific attributes of the Greek democracy, it was not possible to implement the Greek form of democracy under the new conditions, but still, the Greek model remained inspiring. The noted political scientist, Robert Alan Dahl, who has been described as “the Dean” of American political scientists, has analyzed the specific attributes of what is called “democracy” nowadays. To characterize Greek democracy, Dahl points out:⁶

- Effective Participation - Citizens must have adequate and equal opportunities to form their preference and place questions on the public agenda and express reasons for one outcome over the other.
- Voting Equality at the Decisive Stage - Each citizen must be assured his or her judgments will be counted as equal in weights to the judgments of others.
- Enlightened Understanding - Citizens must enjoy ample and equal opportunities for discovering and affirming what choice would best serve their interests.
- Control of the Agenda - Demos or people must have the opportunity to decide what political matters actually are and what should be brought up for deliberation.
- Inclusiveness - Equality must extend to all citizens within the state. Everyone has legitimate stake within the political process.

Dahl defined also the conditions under which the Greek Democracy could function:

- Citizens must be sufficiently harmonious in their interests so that the idea of general good does not contradict their personal aims.
- They must be highly homogeneous with respect to characteristics that otherwise tend to produce political conflict.
- The citizen body must be quite small.
- Citizens must be able to assemble and directly decide on the laws.
- Citizens must participate in the administration of the city.
- The city-state must remain fully autonomous⁷

These democracies were in the form of polis, or city-states; they had a limited amount of citizens. Voting rights belonged only to adult men, who constituted a minority of society at the time. But among them, there were no other requirements for voting than their age. There was no delegated government; it was a form of a direct democracy, which means, the people themselves

The “Golden Age” of Athens is a political myth which has been very convenient for the US and Europe, but it is still a myth. Parts of it are true, and parts of it are puffed up for political use. A very similar myth is being told about the greatness of the US democracy. On the following pages I will define the characteristics of the United States government and some of its historical leaders

⁶ Dahl says, no modern country meets the ideal of democracy.

⁷ Robert A. Dahl, Democracy and Its Critics, p. 19

were directly deciding about problems at the town meetings, without political representation, as we have today when we use elected delegates and political parties.⁸

Keeping the power among a limited number of people was the reason why later societies, or at least the founders of these, accepted a Roman-style republic rather than the more radical system of direct popular democracy. So, the alternative to a monarchy was, once again, a system, which gave rise to despotic regimes such as the one of Napoleon Bonaparte at the end of the French Revolution that began in 1789.⁹

The term “democracy” became positive in the end of the 18th century in Holland.¹⁰ Democracy as a form of government was thought of only in the small states with some experience of autonomy. Leaders only changed their mind about democracy, after modifying democracy—its direct form was replaced with its indirect form under which the citizens were slowly gaining their civil rights. Therefore, today, we call “republican parliamentarism”, “liberal democracy.”

There is no agreement among experts on the definition of parliamentarism. However, the word suggests the existence of a popular body, a parliament, which is supposed to represent the people, who are supposed to be the prime source of legitimate power. The basic principles of parliamentarism are:

- Majority protects minority.
- Representative mandate.
- Acceptance of plurality in society.
- Existence of political parties

From an historical retrospective, parliamentarism does not suppose universal suffrage. In this sense, parliamentarism was able to take the road leading to republican government. Great Britain adopted a parliamentary system, already in 17th century, but only a few people were then allowed to vote. Therefore, we cannot consider parliamentary government real democracy. However, in the 19th century the fight for both systems seems to be thought of as the same fight. Democracy is presuming existence of universal suffrage, meaning political rights for all citizens. But who is a citizen is, as it was in Greece, a variable quantity.

Parliamentary systems and Presidential systems are regarded as the basic forms of today’s democracy.

- A parliamentary system is distinguished by the executive branch of government being dependent on the direct or indirect support of the parliament, often expressed through a vote of confidence. Hence, there is no clear-cut separation of powers between the executive and legislative branches, leading to a differing set of checks and balances

⁸ Ibid. p. 23

⁹ Power keeps corrupting people through the history. As also today’s international leader, D. Rockefeller, said at CFR meeting in 1991: “The supranational sovereignty of an intellectual elite and world bankers is surely preferable to the national auto-determination practiced in the past centuries.”

Will Banyan, The Proud Internationalist (The Globalist Vision of David Rockefeller):

<http://www.scribd.com/doc/296854/Will-Banyan-The-Proud-Internationalist-The-Globalist-Vision-of-David-Rockefeller>

¹⁰ Velký sociologický slovník. UK Karolinum, Praha 1996 s. 184

compared to those found in a presidential republic. Parliamentary systems usually have a clear differentiation between the head of government and the head of state, with the head of government being the prime minister or premier, and the head of state often being an elected (either popularly or through parliament) president or hereditary monarch. Though in Parliamentary systems the prime minister and cabinet will exercise executive power on a day-to-day basis, actual authority will usually be bestowed in the head of state, giving them many codified or uncodified reserve powers, providing some balance to these systems.

The term “parliamentary system” does not automatically mean that a country is ruled by different parties in coalition with each other. Such multi-party arrangements are usually the product of an electoral system known as proportional representation. Parliamentary countries that use “first past the post” voting usually have governments composed of one party. However, parliamentary systems in continental Europe do use proportional representation, and tend to produce election results in which no single party has a majority of seats.

- A presidential system is then called a congressional system. It is a system of government where an executive branch exists and presides (hence the term) separately from the legislature, to which it is not accountable and which cannot in normal circumstances dismiss it. The term “presidential system” is often used in contrast to “cabinet government”, which is usually a feature of parliamentarism.

It owes its origins to the medieval monarchies of France, England and Scotland in which executive authority was vested in the Crown, not in meetings of the estates of the realm (i.e., parliament): the Estates-General of France, the Parliament of England or the Estates of Scotland. The concept of separate spheres of influence of the executive and legislature was copied in the Constitution of the United States, with the creation of the office of President of the United States. Perhaps, ironically, in England and Scotland (since 1707 as the Kingdom of Great Britain, and since 1801 as the United Kingdom) the power of a separate executive waned to a ceremonial role and a new executive, answerable to parliament, evolved while the power of the United States’ separated executive increased.

This has given rise to criticism of the United States presidency as an “imperial presidency”, though some analysts dispute the existence of an absolute separation, referring to the concept of “separate institutions sharing power”. Although not exclusive to republics, and applied in the case of absolute monarchies, the term is often associated with republican systems in the Americas.¹¹

Characteristic of a republican presidential system is how the executive is elected, but nearly all presidential systems share the following features:

- The president does not propose bills.
- However, in systems such as that of the United States, the president has the power to veto acts of the legislature and, in turn, a supermajority of legislators may act to override

¹¹ Presidential System: http://en.wikipedia.org/wiki/Presidential_system

the veto. This practice is derived from the British tradition of royal assent in which an act of parliament cannot come into effect without the assent of the monarch.

- The president has a fixed term of office. Elections are held at scheduled times, and cannot be triggered by a vote of confidence or other such parliamentary procedures. In some countries, including the United States, there is an exception to this rule, which provides for the removal of a president in the event that her or she is found to have broken a law.¹²
- Presidential systems frequently require legislative approval of presidential nominations to the cabinet as well as various governmental posts such as judges. A president generally has power to direct members of the cabinet, military, or any officer or employee of the executive branch, but generally has no power to dismiss or give orders to judges.
- The power to pardon or commute sentences of convicted criminals is often in the hands of the heads of state in governments that separate their legislative and executive branches of government.¹³

Listed above are examples of the Western democracies. Historically as a model of communistic Eastern Europe, another form of government evolved - People's Democracy.

- People's Democracy (in fact Republic), the motivation for using this term by Marxist-Leninists lies in the claim that they govern in accordance with the interests of the vast majority of the people, and, as such, a Marxist-Leninist republic is a people's republic. Many of these countries also called themselves socialist states in their constitutions. Opponents of Marxism-Leninism argue that the name "people's republic" is merely used for propaganda purposes.

In the West, countries governed by Marxist-Leninists are referred to as "Communist states," though they never actually used this name for themselves and used the term "people's democracy".

While etymological roots imply that any democracy would rely on the participation of its citizens (the Greek demos and kratos combine to suggest that "the people rule"), traditional representative democracies tend to limit citizen participation to voting, leaving actual governance

¹² The right to impeach public officials is secured by the US Constitution in Article I, Sections 2 and 3, which discuss the procedure, and in Article II, Section 4, which indicates the grounds for impeachment: "the President, Vice President, and all civil officers of the United States shall be removed from office on impeachment for, and conviction of, treason, bribery, or other high crimes and misdemeanors."

Removing an official from office requires two steps: (1) a formal accusation, or impeachment, by the House of Representatives, and (2) a trial and conviction by the Senate. Impeachment requires a majority vote of the House; conviction is more difficult, requiring a two-thirds vote by the Senate. The vice president presides over the Senate proceedings in the case of all officials except the president, whose trial is presided over by the chief justice of the Supreme Court. This is because the vice president can hardly be considered a disinterested party—if his or her boss is forced out of office he or she is next in line for the top job. Two US presidents have been impeached: Andrew Johnson, the seventeenth chief executive, and William J. Clinton (in 1998) the forty-second.

¹³ Examples: G.W. Bush Sr. pardoned convicted criminals from the Reagan's administration, who were organizing killing of civilians in Nicaragua, during the Irangate affair. G.W. Bush Jr. pardoned Lewis Scooter Libby.

Jurors convict Libby on four of five charges, Cheney's ex-aide faces jail time in CIA leak case; sentencing set for June:

<http://www.msnbc.msn.com/id/17479718/>

to politicians. Another form of democracy, “participatory democracy”, emphasizes broad participation (decision making) of constituents in the direction and operation of the political system.

- Participatory democracy strives to create opportunities for all members of a political group to make meaningful contributions to decision-making, and seeks to broaden the range of people who have access to such opportunities. Because so much information must be gathered for the overall decision-making process to succeed, technology may provide important forces leading to the type of empowerment needed for participatory models, especially those technological tools that enable community narratives and correspond to the accretion of knowledge.

Some scholars argue for refocusing the term ‘participatory democracy’ on community-based activity within the domain of civil society, based on the belief that a strong non-governmental public sphere is a precondition for the emergence of a strong liberal democracy. These scholars tend to stress the value of separation between the realm of civil society and the formal political realm.¹⁴

As presented, there are various understandings of “democracy”, which can bring strife into its functioning. As already mentioned, R. A. Dahl makes his view about democracy clear in his book *Democracy and Its Critics*. In his view, no modern country meets the ideal of democracy. Dahl formulates four major points to justify Democracy:

:

- It tends to produce the best feasible system all around with respect to the idea of intrinsic equality.
- It is instrumental to maximum feasible freedom.
- It allows human development.
- It protects personal interests.¹⁵

Among many limitations of today’s democracies, Dahl states that representation has displaced direct participation as the consequence of the increase in scale in moving from the city-state to the nation-state. He formulates five necessary criteria for an effective system of democratic government:

- Effective participation - throughout the process of making binding collective decisions, citizens ought to have an adequate opportunity, and an equal opportunity, for expressing their preferences as to the final outcome, placing questions on the agenda, and expressing reasons for endorsing one outcome rather than another.
- Equality - at the decisive stage of collective decisions, each citizen must be ensured an equal opportunity to express a choice that will be counted as equal in weight to the choice of any other citizen, and it is only these choice that must be taken into account

¹⁴ The Athens Project Mission:

<http://www.angelfire.com/md3/athensproject/index.html>

¹⁵ Ibid. p. 93

- Enlightened understanding - each citizen ought to have adequate and equal opportunities for discovering and validating the choice on the matter to be decided that would best serve his interests
- Control of the agenda - the demos must have the exclusive opportunity to decide how matters are to be placed on the agenda of matters to be decided by means of the democratic process¹⁶
- Inclusion - the demos should include all adult members of an association except transients and persons proved to be mentally defective¹⁷

2.2 Conditions for Democracy in the New World

The political formations of most of the societies today have adopted many democratic principles. But there are many differences among those democracies. Many are looking up to the US as to the example of democracy. They forget the specific conditions under which the US political system was formed, and many do not see the difference between their image of democracy and its actual functioning.

The reason why many believed that the New World would become democratic was the language Jefferson and other Founding Fathers were using while fighting for independence. It was so inspiring that even some members from the British House of Commons, such as Edmund Burke, were supporting the US Revolution. The words sounded like freedom but the reality uncovered that justice was still not for all and that in many ways the standard of living in the New World was not so new. The only thing which really changed was the structure of the power elite, but it was still a rule of the few over the many.

On the North American continent under the rule of white Europe, there was never a society that could be seen in any interesting sense as *feudal*. The ear-mark of feudal society is a conservative social structure that attempts to keep social relations the same forever. But, this feature was wholly absent North American society, certainly during the 18th century. However, the point of society was not to freeze privilege by arbitrary conservative control as the European monarchs of later European feudalism tried to do, but to win and maintain social privilege by creating lots of wealth through trade. Even in the agricultural south with its institutionalized slavery this was the case. Slaves were not maintained as serfs as mere appendages to the land, but were considered property, fixed capital, that were freely traded for money. And the interest in the Southern plantations was not merely local. Many if not most large Southern plantations were tied through the entirety of the European-dominated North American continent at this time through the system of finance and capital whereby Northern as well as a Southern business concerns were financing the system in a clearly capitalist system. This was not feudalism but the beginning of US capitalism. In Europe before modern times, social mobility was highly restricted or non-existent because of the conservative nature of later-feudalism. But, the absence of such feudalism in white, European-dominated society in the 18th century cannot be taken as evidence of social mobility. Just because restrictions on social mobility were not due to feudalism does not mean that they did not exist. They in fact did exist, and were nearly as restrictive as old

¹⁶ Ibid. p. 113

¹⁷ Ibid. p. 129

European feudal system. Social mobility was restricted by severe constraints that capitalism put on the “lower“ classes. There was never much of a chance that the lower classes were going to get much land, the central method for attaining the wealth in early North American capitalism that could lead to social mobility. Over all they did not. The wealthy trained their sons to be lawyers and business people and by-and-large, it was to these that the great land-holdings fell. A few stories in which poorer Europeans became somewhat wealthy were exploited as if advertising a lottery that offered hope to the lower classes that maybe they would become wealthy, too. But, there was, in reality, very little such possibility. The dream that they might win the “lottery“ kept the poor from questioning the system too much. If they did not win, they could always just blame pure bad luck, or perhaps a lack of wisdom in carrying out their affairs. But, they would not blame the system that they were hoping to master, or, now that they did not master it, have their children master. The myth of social mobility spread through Europe and persists to this day in the idea that 18th century North America was somehow this oasis in history of democratic possibility. It was not. The restrictions were not feudal, they were capitalist, but they were there.

In my opinion, the prime reason why the capitalist system in the United States succeeded on such a scale, is the traditional values of the US people. Traditional values refer to those beliefs, moral codes, and mores that are passed down from generation to generation within a culture, subculture or community. Puritans, who came to the New World from England, were mostly Protestants, who advocated “purity“ of worship, doctrine, and personal and group morality. These stressed the importance of obtaining salvation through the development of an individual relationship with God over attempting to obtain salvation through the sacraments and ceremonies of the church alone. Many Puritans accepted Calvinism with its emphasis on the necessity of constant labor as a sign of a person’s “calling” to salvation, and with its doctrine of predestination. Such emphasis on signs of a “calling” was but a small step from a full-fledged capitalistic spirit. In practice, according to M. Weber, that small step was taken, for “the most important criterion (of a calling) is...profitableness. For if God...shows one of His elect a chance of profit, he must do it with a purpose....”¹⁸ This “providential interpretation of profit-making justified the activities of the business man,” and led to “the highest ethical appreciation of the sober, middle-class, self-made man.”¹⁹ It became clear that salvation was only reserved for a godly 'elect' and not for the 'corrupt lump' of mankind.

A sense of calling and an ascetic ethic applied to laborers as well as to entrepreneurs and businessmen. Nascent capitalism required reliable, honest, and punctual labor, which in traditional societies had not existed.²⁰ That free labor would voluntarily submit to the systematic discipline of work under capitalism required an internalized value system unlike any seen before.²¹ Calvinism provided this value system.

The Protestant Ethic and the Spirit of Capitalism is probably the most famous book written by the German sociologist and economist, Max Weber. Weber argued that capitalism evolved when the Protestant (particularly Calvinist) ethic influenced large numbers of people to engage in

¹⁸Ibid, p. 162

¹⁹ Ibid, p. 163

²⁰ Ibid, p. 59-62

²¹ Ibid, p. 63

work, developing their own enterprises and engaging in trade and the accumulation of wealth for investment. In other words, the Protestant ethic was a force behind an unplanned and uncoordinated public support that led to the development of capitalism. This idea is also known as “the Weber thesis”. But Weber was not the first one to make the connection between the religious way of rationalizing hard work as a style of life, and its help in developing the capitalist system. Montesquieu, Buckle, and other sociological thinkers had already seen the relation.

Weber introduces the “spirit of capitalism“ through the ideas concentrated in Benjamin Franklin’s writings from the first half of the 18th century, where Franklin addresses those who want to be successful in business. According to Franklin, it is important to devote all of life to hard work and accumulating money, and not spending them in vain. At the same time the businessman should be gaining trust from the people, which should bring him profitable financial advantages. Weber asks, Where is this pursuit of life coming from?, and he answers: “It is secularization and automated manifestation of the business ethic, which was first brought by reformation.”²² With Luther, work was a concept of many indifferent economic attributes, but with Calvinism work becomes religion, and the way to reach out for God and to salvation.

Weber points out that such a spirit is not limited to Western culture if one considers it as the attitude of individuals, but that such individuals, heroic entrepreneurs, as he calls them, could not by themselves establish a new economic order. The most common tendencies were the greed for profit with minimum effort and the idea that work was a curse and burden to be avoided especially when it exceeded what was enough for modest life. Weber saw the fulfillment of the Protestant ethic not in Lutheranism, which he dismissed as a rather servile religion, but in Calvinistic forms of Christianity. The “paradox“ Weber found was, in simple terms:

- According to the new Protestant religions, an individual was religiously compelled to follow a secular vocation with as much zeal as possible. A person living according to this world-view was more likely to accumulate money.
- The new religions (in particular, Calvinism and other more austere Protestant sects) effectively forbade wastefully using hard-earned money and identified the purchase of luxuries as a sin. Donations to an individual's church or congregation was limited due to the rejection by certain Protestant sects of icons. Finally, donation of money to the poor or to charity was generally frowned on as it was seen as furthering beggary. This social condition was perceived as laziness, burdening their fellow man, and an affront to God; by not working, one failed to glorify God.

The manner, in which this paradox was resolved, Weber argued, was the investment of this money, which gave an extreme boost to nascent capitalism. But to keep capitalism running, the Founding Fathers needed to upgrade the system and make the people believe in it, and to keep those who did not believe in it under control.

²² Jan Keller, Dějiny klasické sociologie, SLON 2004, p. 253

3. Myths of United States Democracy

3.1. The Meaning of Ideology and its Myths for Preserving the System

The word *ideology* was coined by Count Antoine Destutt de Tracy in the late 18th century to define a “science of ideas.” According to the Oxford Dictionary, that is still the definition, but because the history gets richer everyday, the same dictionary gives also the following definition: “ideas at the basis of some economic or political theory or system: (Nazi, Fascist, ideology).” Although I shall use the word with approximately the same meaning as the first definition given above, I will draw special attention to this last definition. Thus, my use of the term “ideology” will be similar to the dual use of such a term, which means, that I will refer to the meaning of ideology in two concepts. The first concept is a concept of “assumption”, and, secondly, is the concept of “identification”. As rigid ideology seems to be, and its key parts are, made for the survival of a system, it is necessary that ideology successfully reacts to stimuli from outside. By outside I mean from politics (foreign and domestic policy), social groups (issue of slavery, human rights, etc.), economics (taxes, financial crisis) and that it innovates its ways of public persuasion. The dimensions of the flexibility required for ideology to survive, as alluded to just above, are two:

- *Assumption*: for the capitalist system in the United States, to give an example, the origins in the Calvinist Protestantism must be stressed as background assumptions. The values at play here, and assumed in the background, are hard work, individualism,²³ belief in the self-made man and, therefore, belief in social mobility.
- *Identification* is then created by myths about a glorious history, with a central idea around which the whole nation could unite at any time. Usually in a time of elections or when there is, or is created, an outside threat.

Political ideologies also consist in myths. In understanding some social processes of the past, historians and sociologists focus their attention on myth-making as an essential process of creating national identity. Myths about history are perceived as immanent elements of looking at the past, in the sense of historic memory, collective remembering, and forgetting, which influences the future of whole generations. Historical myths refer to the past and give hope for the future. In this post-historical view, myths are beliefs society shares about itself. They constitute collective identity and a sense of history and influence on the process of remembering. The point is not that community must treat the myths as an accurate version of history, however, that they must believe in the literal accuracy of the myth itself. Myth, as Carl Kerényi says, is a way of operating on reality, “but a way never complete, which is always in process”.²⁴ Myth has great power on particular communities, transmitting the whole of national symbols, rituals,

²³Government in relation to a society with an individualistic tradition, works on the same principles as an empty policy of divide and rule. Non-cooperation of the people is making the central government stronger to impose whatever laws on the people. As the history shows, and especially in the US, when the people gained more civil rights, it was after they united against the government of the state.

²⁴Essays on a Science of Mythology: The Myth of the Divine Child and the Mysteries of Eleusis, C. G. Jung & C. Kerényi

memorials, and “big dates”, such as the 4th of July in the US. In this reasoning, myth brings the new meaning and defines history. It forms collective memory and underlies the border between members of the community and non-members. By believing in myth, we distinguish Us from the Others.

Myths are hard to define and hard to deal with, but they are necessary to keep the system running. The concept of *identification* needs to keep regenerating. Therefore, history is told according to ideology, which tends to respect just the names and useful parts of what the history really has to offer. Needless to say, myths tend to constitute “history”. But they are exceptionally important at such crucial moments which decide one’s future, bringing changes on the political and economic scene, tied often with nationalisms, ideology of exclusion and, in extreme cases – with war. The first level, from which the common ideas of an ideology reach new generations, through myths, is the schooling system. Schools are the primary institutions which the government uses to manufacture young patriots, who should be ready to fight under the code of “freedom”, with arms, when the government needs them.²⁵ But, the governments of the big states usually do not fight for freedom or democracy, even though the code words of “freedom” and “democracy” are fed to the fighting masses as rationales, but the governments fight for control of foreign markets and resources. Ordinary people usually do not support such aims, therefore the government needs ideology and myths to win its markets and resources. *Science of Mythology* by Carl Jung and Carl Kerényi, provides an account of the meaning and the purpose of mythic themes that is linked to modern life: the heroic battles between good and evil of yore are still played out, reflected in contemporary fears.

Since the 20th century, the second, and the most reactionary level, on which the government stimulates the national identity is electromagnetic waves: they constantly transmit audio, video, and text messages to the public mind through radio, television, and, today, the Internet.²⁶ These technical tools of ideology were, at its early stage, joined by the science of ideas and instinct, which Edward Bernays called “*engineering consent*”.²⁷ Bernays, who lived in New York, was the pioneer in such technology, more commonly known as modern “propaganda”.

Both, the first and the second level, are the reasons for the unprecedented flexibility in how to manipulate public opinion in modern times. Public opinion is not only guided with regard to political issues but also with regard to consumer choices. This has a great influence on the course of the whole society, and the environment, not only in the United States, but in the rest of the globalized world. I shall address this issue further at the end of my paper, where I will look more closely at the work of Edward Bernays—the coiner of the term “Public Relations”—and at his impact, which has served the process of globalization so well.

Among those, who helped to create the myth of democracy in the US, was a French political thinker and historian, Alexis de Tocqueville. He is best known for his book *Democracy in*

²⁵ Or shall I say when the corporations need them. With the US there is only a few other nations officially deployed in Iraq, and yet there are 630 corporations on the US government payroll, benefiting in billions from the war.

²⁶ But it was Cardinal Richelieu who was the first to recognize the power of support of the public opinion and started to use the visual arts for political purposes.

²⁷ The *Engineering of Consent* is an essay by Edward Bernays first published in 1947. He defines “engineering consent” as the art of manipulation of people; the masses, consumers, businesses, citizens or the government, to make them want things that they do not need by linking those products and ideas to their unconscious desires

America, appearing in two volumes in 1835 and 1840. The nation that Alexis de Tocqueville visited in 1831 was a land vastly different from the United States of today. With a rapidly growing population of just over 13 million people, the United States was still a predominantly rural country, consisting of 24 states and a largely unsettled territorial claim stretching west to the Pacific Ocean.

When examining the emphases that Tocqueville chose to document in his reports on democracy in United States, one has to consider the possibility that he he was actively looking for certain aspects of US polity and society that were according to his personal convictions and prejudices. He was dissatisfied with the democratic experiment in France, which he considered to have failed because of a lack of responsible citizenry. There was no political education and common knowledge about public affairs in France. Tocqueville saw that without the citizens' political awareness, democracy could not succeed.

Having experienced the excess of the French Revolution, Tocqueville saw a need to balance liberty with authority. Thus, he interprets liberty not only as protection from the abuse of governmental power, but more as a socially emancipating idea, as an asset which each citizen is obliged to make active use of. On the other hand he sees the necessity to restrict individual liberty and to “regulate it by beliefs, mores and laws.” This is what is meant when he talks about *'liberté modérée'*. He is aware of a possible danger of radicalized masses; its political guidance, he believes, could level any intellectual or individualistic distinctions. In other words, he fears a ‘tyranny of the masses’. For this reason he favors the classic theory of representation, a system in which the citizens should elect the most capable among themselves to represent them. He disregards the idea that the chance to vote and the chance to be elected was preserved only for the wealthy.

Out of belief and hope that such a political system could be democratic, Tocqueville first overlooks the fact that to be able to participate in the US political system, a citizen had to possess land or to have other economic advantages. Consequently a necessary element for the existence of democratic society—equality—has been challenged ever since establishing the new republic.

If there is no equal entrée to politics for all, there is no democracy. But, even when there is wider suffrage, there are many ways to limit the popular vote. After adopting the 11th Amendment (1794)—allowing propertyless white men to vote—the Congress had to take action in reversing this democratic right. Therefore the 12th Amendment created an indirect element in the electoral voting system, the Electoral College, keeping democracy ineffective. The Twelfth Amendment applied to presidential elections beginning in 1804. Since then, it is the Electoral College, who chooses the President. I shall discuss the Electoral College later in the text.²⁸ Tocqueville was stressing political culture over political institutions. He names three factors for maintenance of liberal democracy: special outer circumstances, the institutions, and political culture. Out of these three he paid overwhelmingly dominant attention to the third. From his point of view, political culture was the more decisive point for making a democracy function.

²⁸ As Noam Chomsky and others have argued for many years, “it is only when the threat of popular participation is overcome that democratic forms can be safely contemplated”.

He only noted a few observations about the first two. But, the US experiment proves that there can be no democracy if the institutions do not support such an idea in the first place.

Admirable political culture, Tocqueville saw in the beginning of the 19th century, was in the United States suppressed by slave-holding farmers and the ascendancy of industrialism. The business elites established political institutions on profitable principles for one class only. Political process was to be overseen by the wealthy gentlemen who opposed the attributes of democracy which would undermine their business interests.

Nevertheless, and understandably, the Frenchman admired the high level of political education at the time, the common knowledge about public affairs. As mentioned before, he deemed this factor a decisive prerequisite for maintaining a working democratic system, since he had seen the democratic experiment fail in France, largely because of a lack of responsible citizenry.

In contrast to European countries, Tocqueville regarded the United States a country in which liberalism and political equality were dominant. He believed that sovereignty of the people had been achieved. Tocqueville's enthusiasm for the New World came also from his friendship with a German jurist and political philosopher, Francis Lieber, the first US citizen to take the title of political scientist. Lieber fought Napoleon with the Prussian army and the Ottoman Empire with the Greeks, during their war of independence. Later in 1827 he moved to Boston. In 1834, only a few years after his emigration to the United States, Lieber published a book titled *Letters to a Gentleman in Germany*, which he wrote after a trip from Philadelphia to Niagara. The book is written in the style of a travel narration. He expressed his impressions of political culture, in particular of political institutions in America. Due to Lieber's harsh experiences in Prussian captivity as a political prisoner, the United States represented a great hope for him and his view of her was extremely idealistic.

Lieber regarded some aspects of the democracy in the US as exemplary for other nations, because here, he stressed, one could detect the first pulsations of "those principles which underlay any political society" (*Letters to a Gentleman in Germany*, 1834, 14). In his view, the advantage the United States had compared to most European nations was the reality of a society without privileged classes as found in the aristocratic societies in Europe.

Lieber chose not to encumber his opinion of democracy, in the United States, with reality. The only difference between the European aristocracy and the one in the United States was that the well-born privileged society extended to all wealthy individuals, and that this privileged class was again dictating a course of the whole primarily to meet their own interests—to enrich themselves more. But to Lieber the US presented a functioning democratic system.²⁹

The friendship between Lieber and Tocqueville was the basis for a vivid exchange of ideas. Lieber's publication *Americana* became a resource for Tocqueville's *Democracy in America*³⁰

²⁹Francis Lieber, *Letters to a Gentleman in Germany*, Philadelphia 1834

³⁰Alexis de Tocqueville, *Democracy in America*, Table of Contents: Volume I:
http://xroads.virginia.edu/~HYPER/DETOC/toc_indx.html

But even in the first volume of *Democracy in America*, we can see tension in Tocqueville's opinion, a struggle between what he sees and what he wants to see. Most notably in Chapter Ten, where he discusses political parties in the United States:

Remains of the Aristocratic Party in the United States. Secret opposition of wealthy individuals to democracy—their retirement—their taste for exclusive pleasures and for luxury at home—their simplicity abroad—their affected condescension towards the people.³¹

Tocqueville then discusses the power behind the politics he perceived: “The nation seems to be governed by a single principle, universal stillness prevails, and the prevailing party assumes the credit of having restored peace and unanimity to the country. But under this apparent unanimity still exist profound differences of opinion, and real opposition.” But Tocqueville still believes that the politicians and the people will overcome disputes over power in civilized discussions:

This is what occurred in America; when the Democratic Party got the upper hand, it took exclusive possession of the conduct of affairs, and from that time the laws and the customs of society have been adapted to its caprices.³²

Tocqueville means the Democratic presidency of Andrew Jackson. Since the most significant characteristic of Jackson's policy was a war on the most undemocratic institution within US society, the Second Bank of United States, Tocqueville fails to recognize one of the principal factors which made US democracy invalid. As mentioned before, Tocqueville chooses not to pay more attention to the effects of institutions on democracy, which I consider crucial.

Tocqueville then stresses a rather a naive observation:

At the present day the more affluent classes of society have no influence in political affairs; and wealth, far from conferring a right, is rather a cause of unpopularity than a means of attaining power.³³

He then describes the rich as “unwilling to contend against the poorer classes of their fellow citizens.” He continues:

As they cannot occupy in public a position equivalent to what they hold in private life, they abandon the former and give themselves up to the latter; and they constitute a private society in the state which has its own tastes and pleasures. They submit to this state of things as an irremediable evil, but they are careful not to show that they are galled by its continuance; one often hears them laud the advantages of a republican government and democratic institutions when they are in public. Next to hating their enemies, men are most inclined to flatter them.³⁴

³¹ Alexis de Tocqueville, *Democracy in America*, Chapter 10: PARTIES IN THE UNITED STATES:
http://xroads.virginia.edu/~Hyper/detoc/1_ch10.htm

³² Ibid.

³³ Ibid.

³⁴ Ibid.

Considering, for example, the dispute between Federalist Alexander Hamilton and Democratic-Republican Aaron Burr, which escalated in a duel which Hamilton did not survive. It almost seems that Tocqueville was in another land.³⁵

Fortunately, later in his text he comes back from the clouds and says:

But beneath this artificial enthusiasm and these obsequious attentions to the preponderating power, it is easy to perceive that the rich have a hearty dislike of the democratic institutions of their country. The people form a power which they at once fear and despise. If the maladministration of the democracy ever brings about a revolutionary crisis and monarchical institutions ever become practicable in the United States, the truth of what I advance will become obvious.³⁶

The last words of his essay are even more up to the point: The two chief weapons that parties use in order to obtain success are the newspapers and public associations.³⁷

Besides his exaggerated idealism, Tocqueville was, in fact, aware of disturbing elements active in the society of the United States. He did see the possible struggle democracy was facing. Earlier in the same essay he states:

I do not assert that the ostensible purpose or even that the secret aim of American parties is to promote the rule of aristocracy or democracy in the country; but I affirm that aristocratic or democratic passions may easily be detected at the bottom of all parties, and that, although they escape a superficial observation, they are the main point and soul of every faction in the United States.³⁸

“I have”, Tocqueville stresses, “already observed that universal suffrage has been adopted in all the states of the Union; it consequently exists in communities that occupy very different positions in the social scale. I have had opportunities of observing its effects in different localities and among races of men who are nearly strangers to each other in their language, their religion, and their modes of life...”³⁹

“Universal suffrage” is the term used to describe a situation in which the right to vote is not restricted by race, gender, belief or social status. Forms of exclusion from suffrage are for example: condition of land ownership, taxes, race, literacy tests, criminality; from which all have been or still today are in use in the United States of America.

³⁵ Further in his essay Tocqueville gradates his idealism even further: “Mark, for instance, that opulent citizen, who is as anxious as a Jew of the Middle Ages to conceal his wealth. His dress is plain, his demeanor unassuming; but the interior of his dwelling glitters with luxury, and none but a few chosen guests, whom he haughtily styles his equals, are allowed to penetrate into this sanctuary. No European noble is more exclusive in his pleasures or more jealous of the smallest advantages that a privileged station confers. But the same individual crosses the city to reach a dark counting-house in the center of traffic, where everyone may accost him who pleases. If he meets his cobbler on the way, they stop and converse; the two citizens discuss the affairs of the state and shake hands before they part.”

³⁶ Alexis de Tocqueville, *Democracy in America*, Chapter 10: PARTIES IN THE UNITED STATES:

http://xroads.virginia.edu/~HYPER/DETOC/1_ch10.htm

³⁷ *Ibid.*

³⁸ *Ibid.*

³⁹ Alexis de Tocqueville, *Democracy in America*, Volume I, Chapter 13: GOVERNMENT OF THE DEMOCRACY IN AMERICA: http://xroads.virginia.edu/~HYPER/DETOC/1_ch13.htm

At the time Tocqueville wrote the *Democracy in America*, people of African descent, women, Asians, Native Americans and other people were excluded from the voting process. There was genocide being committed on the Native Americans. Africans Americans were still regarded as commercial articles. Therefore, when Tocqueville speaks of the effects of universal suffrage, he is overlooking the civil rights of those social groups named above, and in this case, he is not even regarding African-Americans as people, because by saying “different races” Tocqueville must have meant different nationalities, emigrants living upon American soil.

Regarding not just common sense but also the writings of, for example, William Leggett, a poet, writer and journalist, who lived at the same time as Tocqueville, we cannot take Tocqueville seriously in a majority of his conclusions. When comparing Tocqueville’s *Democracy in America* with Leggett’s *Democratic Editorials: Essays in Jacksonian Political Economy*, which I will discuss in the third chapter, the difference between the Frenchman’s imagination and the reality in the US, becomes even rather obvious.

However, in the beginning of chapter 18 of *Democracy in America*, he writes:

The first who attracts the eye, the first in enlightenment, in power and in happiness, is the white man, the European, man par excellence; below him appear the Negro and the Indian. These two unfortunate races have neither birth, nor face, nor language, nor more in common; only their misfortunes look alike. Both occupy an equally inferior position in the country that they inhabit; both experience the effects of tyranny; and if their miseries are different, they can accuse the same author for them⁴⁰

I do not think it is for me, a foreigner, to indicate to the United States the time, the measures, or the men by whom Slavery shall be abolished. Still, as the persevering enemy of despotism everywhere, and under all its forms, I am pained and astonished by the fact that the freest people in the world is, at the present time, almost the only one among civilized and Christian nations which yet maintains personal servitude; and this while serfdom itself is about disappearing, where it has not already disappeared, from the most degraded nations of Europe.⁴¹

Tocqueville is also receptive to the intelligence of the people he meets in person: “On my arrival in the United States I was surprised to find so much distinguished talent among the citizens and so little among the heads of the government.”⁴²

Another observation Tocqueville notes is that:

No public officer in the United States has an official costume, but every one of them receives a salary. And this, also, still more naturally than what precedes,

⁴⁰ Alexis de Tocqueville, *Democracy in America*, Volume I, Chapter 18, The Present and Probably Future Condition of the Three Races that Inhabit the Territory of the United States

⁴¹ *Oeuvres Complètes*, Paris: Gallimard, T. VII, pp. 1663-164.

⁴² Alexis de Tocqueville, *Democracy in America*, Volume I, Chapter 13: GOVERNMENT OF THE DEMOCRACY IN AMERICA: http://xroads.virginia.edu/~HYPER/DETOC/1_ch13.htm

results from democratic principles. A democracy may allow some magisterial pomp and clothe its officers in silks and gold without seriously compromising its principles.⁴³

Today in the US, not just public officials, but many of the workers working for corporations are uniformed. Considering the attributes of Nazism and fascism, it has to be a bad sign for a democracy.

Tocqueville's concept of democracy was changed by his own experience in the United States. In 1830 he regarded democracy as a dynamic process, which required an equality of conditions. In his view the democratic process—the change of social order—would come to a halt when all political privileges were eradicated. Observing the ongoing political process among the 24 free and United States, in years 1830 and 1840, he witnesses a reform of the unalienable rights declared to all in 1776. He sees a rise of a new aristocracy—an *Aristocracy of Property*. In 1840, more conscious of US reality, Tocqueville published the second volume of *Democracy in America*. A more negative image of democracy prevailed: that of a leveling power which would not be restricted to social order, but which would also challenge the right of material property.

The reality of Tocqueville's stay in America brings him to change his opinion radically when he says: "If there ever are great revolutions there, they will be caused by the presence of the blacks upon US soil. That is to say, it will not be the equality of social conditions but rather their inequality which may give rise thereto."⁴⁴ Tocqueville even seems to realize that the power of money in the US is stronger than the power of those with a desire for democracy. He notes, "...I know of no other country where love of money has such a grip on men's hearts or where stronger scorn is expressed for the theory of permanent equality of property."⁴⁵

Tocqueville's critique of individualism in the US, then, finally touches the possible problem democracy was, and still is, facing. In his view, the US was a place where hard work and money dominated the minds of all, and where what he described as '*crass individualism*' and market capitalism had taken root to an extraordinary degree. But, Tocqueville still believed that any and all who arrived to the Promised Land could own their own land and cultivate an independent life. Sparse elites and a number of landed aristocrats existed, but, according to Tocqueville, these few stood no chance against the rapidly developing values bred by such vast land ownership.

The land ownership was not as vast as Tocqueville describes it. It was vast among the rich, presented by people like the first president of the United States. After the War of Independence, George Washington became one of the largest landowners in Virginia, and was the largest distiller in the entire nation, thus the richest man in the US. Such elites were leasing the land to others and, of course, selling it to those who had enough money to buy it.

Gore Vidal, in his great historical novel *Burr*, describes the president's position on the public matters, in a conversation with Senator Burr. "But of course I shall not accept a second term," says Washington. As Burr is telling the story, he thinks to himself, "As we now know, all

⁴³ Ibid

⁴⁴ <http://www.tocqueville.org/chap5.htm>

⁴⁵ <http://www.tocqueville.org/chap5.htm>

presidents talk in this fashion. But at the time none of us understood the nature of the executive disease; after all, we were at the beginning of the adventure.” Washington continues addressing the enemy within, against whom the gentlemen, meaning the Federalists and the Republican Democrats, should unite: “Colonel Burr, I dislike the spirit of faction. I cannot fathom why gentlemen of similar interest quarrel so bitterly with one another when they ought to be united in the face of the mob and its excesses.”⁴⁶

In the open society that Tocqueville saw the US as, there rested so much opportunity. But his ideal is disturbed by industriousness, which became a dominant ethic, and “middling” values began taking root, he concludes.

This rapidly democratizing society, as Tocqueville understood it, had a population devoted to “middling” values which wanted to amass, through hard work, vast fortune, he concluded. In Tocqueville’s mind this explained why America was so different from Europe. In Europe, where he claimed nobody cared about making money, the lower classes had no hope of gaining more than minimal wealth. At the same time, in America, workers would merely proclaim that through hard work they too would soon possess the fortune necessary to enjoy luxuries. I will discuss this illusion of the “American Dream” at the end of this work, when analyzing the concept of social mobility in the United States.

In Tocqueville’s opinion, because in Europe most of the upper classes were virtually guaranteed wealth and took it for granted, they found it crass, vulgar, and unbecoming of their sort to care about something as unseemly as money. On the other hand, in America, money was the most desired asset, Tocqueville reports.

Tocqueville asserted that the values that had triumphed in the industrialized North of the United States and were present in the South, where slavery had produced a landed aristocracy, had begun to suffocate old-world ethics and social arrangements.⁴⁷ Legislatures abolished primogeniture⁴⁸ and entails,⁴⁹ resulting in more widely distributed land holdings. Landed elites lost the ability to pass on fortunes to single individuals. Hereditary fortunes became more difficult to secure and more people were forced to struggle for their own living.

3.2. The Hope of the Declaration and the Reality of the Constitution

The United States Declaration of Independence is an act of the Second Continental Congress, adopted on July 4, 1776, which declared that the Thirteen Colonies in North America were “Free and Independent States,” and that “all political connection between them and the State of Great Britain, is and ought to be totally dissolved.” The document explains the justifications for

⁴⁶ Gore Vidal, Burr, p. 147

⁴⁷ Capitalism and Morality:

http://media.hoover.org/documents/0817939717_137.pdf

⁴⁸ Primogeniture is the common law right of the first born son to inherit the entire estate, to the exclusion of younger siblings. It is the tradition brought by the Normans of Normandy to England in 1066.

⁴⁹ Fee tail or entail is an obsolete term of art in common law. It describes an estate of inheritance in real property which cannot be sold, devised by will, or otherwise alienated by the owner, but which passes by operation of law to the owner’s heirs upon his death. The term fee tail is derived from the Middle Latin feodum talliatum, which means “cut-short fee.”

separation from the British crown. The Declaration is considered to be the founding document of the United States of America. July 4th is celebrated as Independence Day and the nation's birthday.⁵⁰ The Preamble of the Declaration outlines a general philosophy of government that justifies revolution when government harms natural rights:

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness. — That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed, — That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to affect their Safety and Happiness. Prudence, indeed, will dictate that Governments long established should not be changed for light and transient causes; and accordingly all experience hath shown that mankind are more disposed to suffer, while evils are sufferable than to right themselves by abolishing the forms to which they are accustomed. But when a long train of abuses and usurpations, pursuing invariably the same Object evinces a design to reduce them under absolute Despotism, it is their right, it is their duty, to throw off such Government, and to provide new Guards for their future security. — Such has been the patient sufferance of these Colonies; and such is now the necessity which constrains them to alter their former Systems of Government. The history of the present King of Great Britain is a history of repeated injuries and usurpations, all having in direct object the establishment of an absolute Tyranny over these States. To prove this, let Facts be submitted to a candid world.⁵¹

Thomas Jefferson, the author of this remarkable document, uses such words of freedom as *people's rights*, *consent of the governed*, *new Government*, and *alter former Systems of Government*. Those are great ambitions, especially in his time. Unfortunately, this document is “just” a declaration. When we want to analyze how many of these public-interest-respecting principles were actually adopted in the end, we have to look at the other fundamental document of US history, the Constitution of the United States. When we look at this latter document, we must ask: How did the system of government change from that of Great Britain? What new rights for the people were adopted? Is the government really respecting the consent of those governed? As Jefferson and, long before him, Aristotle worried, when thinking of an ideal system of government, are the people happy? Or, is history repeating itself, as it often does? Is “prudence” again dictating “that Government long established should not be changed for light and transient causes; and accordingly all experience hath shewn that mankind are more disposed

⁵⁰ Julian P. Boyd (October 1976). The Declaration of Independence: The Mystery of the Lost Original 100. The Pennsylvania Magazine of History and Biography, 450.:

<http://dpubs.libraries.psu.edu/DPubS?service=UI&version=1.0&verb=Display&page=toc&handle=psu.pmhb/1172588457>

At the time the Declaration was issued, the American colonies were “united” in declaring their independence from Great Britain. John Hancock, as the elected President of Congress, was the only person to sign the Declaration of Independence on July 4th. It was not until the following month on August 2nd that the remaining 55 other delegates began to sign the document

⁵¹ <http://www.ushistory.org/declaration/document/index.htm>

to suffer, while evils are sufferable than to right themselves by abolishing the forms to which they are accustomed”?

The United States of America is often referred to as the birthplace of modern democracy. Despite the hard work of a few outstanding politicians, the United States has never been a democracy. US political formation does not meet the conditions required for democracy, as it has been formulated by R. Dahl (see above). US was not built on principles of democracy, nor has it, since it was built, adopted such principles. The political system has always distributed power according to citizens' wealth, not according to civil rights and principles of equity. The Constitution made this legal. The Supreme Court of the US guards this system of inequality. Nearly every time there is a new law, which would interfere with the plutocratic system, the Supreme Court reacts by adopting precedents to devalue progress in respecting civil rights.

One of the most respected US historians, Gore Vidal, tells his opinion on the Constitution by quoting Benjamin Franklin:

After the Constitution of 1789 was being voted on in Philadelphia, Benjamin Franklin was leaving the hall...people running the Constitutional Convention, they knew he was very sharp-tongued and he was not an admirer of their works. He thought they were naive. He thought they were missing the point. He had read Aristotle, who explains how every republic has gone crashing. And he was leaving the hall, and an old lady that he knew said, “Well, men, what are you giving us?” He said, “Well, we are giving you a republic, if you can keep it.” Well, there were three or four boys who had been assigned to follow him around and make sure he did not say anything embarrassing to the people. Well, he went right around saying exactly what he wanted to say. So the kids sort of cornered him on the way out to the street, and they said, “Why do you take such a dark view of the Constitution? It is the best work of some of the best people in the United States. Why are you so skeptical?” And he said, “Well, Aristotle or indeed history tells us that every republic of this nature has failed because of the corruption of the people.”⁵²

A member of the British House of Commons and a supporter of the US War of Independence, but a strong opposer of the French Revolution, Edmund Burke, said:

A state is not a partnership in things subservient only to the gross animal existence of a temporary and perishable nature. It is a partnership in all science; a partnership in all art; a partnership in every virtue, and in all perfection.⁵³

Political scientist Robert A. Dahl discusses undemocratic elements of the US partnership between the government and the people, in his book titled with a question, *How democratic Is the American Constitution?* Dahl defines “democratic” as alignment with the principle of one person, one vote, also known as majority rule.

⁵² Gore Vidal on the Bush Presidency, History and the “United States of Amnesia”: http://www.democracynow.org/2008/5/14/legendary_author_gore_vidal_on_the

⁵³ Reflections on the Revolution in France, World's Classics edn., p. 106.

Dahl also points out modifying techniques in the political system which continued even after the Constitution was codified. He argues that the US system has not adopted all of the new ideas which would make the system more democratic. Dahl says that the Founders were partially constrained by public opinion, which including maintenance of the sovereignty of the thirteen states. We have to understand that by sovereignty of the states Dahl means independence of the ruling elites, which he explains by pointing out the “undemocratic elements in the American Constitution.”

Among primary undemocratic aspects of the Constitution Dahl points out:

Tolerance of slavery. – Necessary to ensure the cooperation and participation of the Southern states, and only outlawed after the US Civil War

Suffrage. – The voting rights of women, African-Americans, and Native Americans were either not protected or specifically abridged. In 1870, the Fifteenth Amendment prohibited denial of suffrage by reason of race. In 1920, the Nineteenth Amendment prohibited denial of suffrage by reason of sex. In 1964, the Twenty-Fourth Amendment prohibited poll taxes, which were then being used in some states to discriminate against African-Americans without explicit racial provisions.

Election of the president. – Article II Section 1 establishes the Electoral College, which gives each state a number of electors. A few people cannot represent the popular vote of millions of voters. Electors were to be appointed by whatever methods the state legislatures chose, and would presumably use their own judgment in choosing a President. In modern times, most states use a “winner take all” system to allocate the votes of their electors based on the outcome of the popular vote within that state, but the allocation of votes among the states is unchanged.

Representation in the Senate. – Each state gets two senators, regardless of population. This is known as the *Connecticut Compromise*, and was incorporated into the Constitution to secure the continued participation of the smaller states.⁵⁴

Election of senators. – Article I, Section 3 declared that senators were to be appointed directly by state legislatures. It was only in 1913, that the Seventeenth Amendment changed the system so that Senators were popularly elected in staggered state-wide races.

Judicial power. – In the United States, judges have the power to rule unconstitutional any law or regulation, even if duly approved by the legislature and signed by the president. Judges are appointed, not elected, for life with a high threshold for removal, which makes them independent. Dahl feels that the judiciary has used its rather unconstrained authority to essentially make national policy through judicial fiat.

Limitations on Congressional power. – As interpreted by the judiciary, the Constitution reserves sovereignty in many domains of regulation to the states. The powers of Congress are limited to a specific list. From 1895 until the Sixteenth Amendment was ratified in 1913, court

⁵⁴ For more information see *Sizing Up the Senate*, Frances Lee and Bruce Oppenheimer

interpretations of constitutional requirements for “direct” taxes made a federal income tax impracticable, limiting the revenue available to the federal government. During the laissez faire period, the Supreme Court interpreted the economic powers of Congress very narrowly, giving the federal government very little power to affect the economy. Modern judicial interpretation has allowed the federal government to have a much greater influence over the economy.

What the slave-holding farmers, business community, and the moneyed man in the banking sector created by the Constitution was an oligarchic republic, which we today, in modern terminology, call “representative democracy”. It was and is a system under which the rich maintain control over the majority. The wealthy were and are fearful of elements of direct, therefore, real democracy. Dahl says this is a result of underestimating the ability of the US people as a whole to guide the country on a stable, free-market path that would have respected the property rights of land owners.

Those are very kind words. What Dahl seems to excuse as a striving for stability, I see as a result of greed and drive for unprecedented power. The intentions of the Founding Fathers should become clear when looking at the period of building up the “*American system*”, as it was named, in the early days, by influential Federalist Henry Clay. Also, the percentage of the wealth held by the top few percent of the US population, and protection of their rights, from the 18th century up until today, should indicate what kind of government the Founding Fathers had in mind. US leaders often speak of prosperity, but whose prosperity? The gap between the rich and poor has been growing ever since the 4th of July 1776. Regarding the economic situation of vast majority of US citizens, evolving in time, I can prove that this system did not just go wrong at some point in history; this system is exactly what it was designed to be. Since Aristotle already described a republic as a corrupted system of government, today’s world being steered by the business of the super republic into credit crises, is a logical result of such a government. The national debt once called by Hamilton the nation’s blessing, has become a curse of the empire and its allies.

3.3. Organizing the War of Independence

America is often described as a melting pot of many cultures. But, the melting process seems to be in a period of an Ice Age right now. Nevertheless, the paradigm of the US culture based on the melting pot theory used to be applicable just in a cultural dimension of the society. The rise of a new independent state did not really bring a new system for the distribution of power to US society. Democracy was not the aim of “the Founding Fathers”. The word “democracy” is not mentioned even once in the Declaration of Independence or in the Constitution. The “melting” was never radically applied in a dimension of social classes. The rebellion (1775-1783) today called in the US the War of Independence against British rule, allowed a certain group of the colonial elite to replace those loyal to England, give some benefits to small landholders, and leave poor white working people and tenant farmers in very much their old situation, not to mention slaves, servants, women and their civil rights.

The War of Independence was not a spontaneous collective action of a broad public, nor the long organized action of a popular movement, but it was a well-engineered war of those colonial elites

who wanted the British off their backs. People were, indeed, revolting at the time, but not exactly against Britain. Their enemy was closer.

After 1763, with England's victory over France in the *Seven Years War* (known in America as the French and Indian War), expelling France from North America, ambitious colonial leaders were no longer threatened by the French. They now had only two rivals left: the English and the Indians.

Long before the glorious War of Independence, there were two principal conflicts growing among white people in the Promised Land. Today one is mostly recognized as a conflict between all emigrants and the British Empire, but it was not just so. The second conflict has been almost forgotten by virtue of US history school books and many historians. But, it was an essential conflict which trails every revolution in the history of civil movements. That is the conflict between the poor and the rich.

Large protests broke out in 1740 in New Jersey when the tenants rioted. A second uprising of tenants took place ten years later in New York. Another ten years later similar rebellion occurred in the Hudson Valley. This was the rebellion in north-eastern New York that led to the separation of Vermont from New York State. These were all more than sporadic rioting.

Historian, political scientist and social critic, author of *A People's History of the United States*, Howard Zinn, characterizes these rebellions as long-lasting social movements, highly organized, involving the creation of counter-governments. They were aimed at a handful of rich landlords, but with the landlords far away, the rebels often had to direct their anger against farmers who had leased the disputed land from the owners.

The rebellion of another social group, the mechanics, Zinn formulates as a demand for political democracy in the colonial cities:

They were asking for open meetings of representatives' assemblies, public galleries in the legislative halls, and the publishing of roll-call votes, so that constituents could check on representatives. They wanted open-air meetings where the population could participate in making policy, more equitable taxes, price controls, and the election of mechanics and other ordinary people to government posts.⁵⁵

But the later leaders of the Revolution would worry about keeping such sentiments within limits. Moreover the poor had a tendency to side with the British in their anger against the rich.⁵⁶

Land-hungry farmers in the Hudson Valley turned to the British for support against the American landlords; the Green Mountain rebels did the same.⁵⁷

⁵⁵ Howard Zinn: *People's History of the United States*, pp. 63-80

⁵⁶ Ibid

⁵⁷ Ibid

But as the conflict between the colonial leaders and Britain intensified, the colonial leaders of the movement for independence were more and more uncomfortable with the attempts of the poor to gain British allegiance, so they adopted policies to win over people in the countryside. Still, there remained many who protested such deals for some and not for all.

In North Carolina, a powerful movement of white farmers was organized against wealthy and corrupted officials in the period from 1766 to 1777, exactly those years when, in the cities of the Northeast, agitation was growing against the British, crowding out class issues. The movement in North Carolina was called *Regulator movement*.⁵⁸

The Regulators tried to democratize local government in their respective counties. They referred to themselves as “poor Industrious peasants,” as “laborers,” “the wretched poor,” “oppressed by rich and powerful”...“designing Monsters”. The Regulators were protesting the equation of wealth and political power which they felt as oppression. Unfortunately, the Regulators were defeated in May 1771 by a disciplined army using cannon. Marvin L. Michael Kay, a specialist in the history of that movement of “class-conscious white farmers”, says that in the three western counties of Orange, Anson, and Rowan, where the Regulator movement was concentrated, it had the support of six thousand to seven thousand men out of a total white, taxable population of about eight thousand.⁵⁹ Groups belonging to the movement which called themselves the Sons of Liberty appeared in several US cities, including Boston, New York, Providence, Newport, Baltimore, Philadelphia, Norfolk, and Charlestown. The Sons of Liberty were the first broad-based, intercolonial organization to encourage resistance to Britain. They emerged during the latter half of 1765. They demanded the British Parliament to repeal the Stamp Act. As Robert G. Parkinson, an assistant professor of history at Shepherd University comments:

Although future events would mythologize them as the original revolutionaries, their goals were far from radical, seeking only to convince the British to restore the imperial Constitution. The Sons’ methods of mobilizing protest, including the participation of many diverse socioeconomic groups, the development of effective propaganda and communication networks, and a concern for restraining violence and wanton destruction, would become the formula for the movement leading up to the Revolution.⁶⁰

In many cities the Sons of Liberty grew out of established urban clubs and societies, most famously the Loyal Nine in Boston.

As these organizations became known as the Sons, they also broadened their social bases to include politicized artisans, shopkeepers, and tradesmen. During the Stamp Act riots, the Sons made alliances with mob leaders like Ebenezer McIntosh, leader of Boston’s South End gang, for the dual purpose of mobilizing mass resistance and keeping their own participation hidden. Perhaps the most

⁵⁸ Ibid

⁵⁹ Ibid

⁶⁰ Gary B. Nash, *The Unknown American Revolution: The Unruly Birth of Democracy and the Struggle to Create America*
Robert G. Parkinson, *The Sons of Liberty*: <http://www.americanforeignrelations.com/Ru-St/Sons-of-Liberty.html>

important constituency in the Sons, however, was newspaper printers. Printers Benjamin Edes (Boston Gazette), William Goddard (Providence Gazette), Samuel Hall (Newport Mercury), and William Bradford (Pennsylvania Journal) were all members of their local Sons of Liberty; the printers' participation ensured that the Sons' message would reach a wide audience.⁶¹

By the late 1760s membership of the Sons had evolved from its artisan roots to include many elite leaders, including Samuel Adams, John Hancock, James Otis, Joseph Warren, and John Adams.⁶²

These events of colonial times show a short period in a long history of political mobilization and manipulation of lower-class energy by upper-class politicians for their own purposes.

Zinn pays close attention to a political group in Boston, the *Loyal Nine*, which included merchants, distillers, ship owners, and master craftsmen who opposed the Stamp Act. This group organized a procession in August 1765 to protest it.

They marched to the home of the stamp master and burned his effigy. But after the “gentleman” who organized the demonstration left, the crowd went further and destroyed some of the stampmaster’s property. These were, as one of the Loyal Nine said, “amazingly inflamed people.” The Loyal Nine seemed taken aback by the direct assault on the wealthy furnishings of the stamp master.⁶³

The rich set up armed patrols. A town meeting was called and the same leaders who had planned the demonstration denounced the violence and disavowed the actions of the crowd. More demonstrations were planned for November 1, 1765, when the Stamp Act was to go into effect. Steps were taken to keep things under control. A dinner was given for certain leaders of the rioters, to win them over. When the Stamp Act was repealed, due to overwhelming resistance, the conservative leaders severed their connections with the rioters.⁶⁴ When the British Parliament turned to its next attempt to tax the colonies, this time by a set of taxes which it hoped would not excite as much opposition, the colonial leaders organized boycotts. But, they stressed, “No Mobs or Tumults, let the Persons and Properties of your most inveterate Enemies be safe.” Samuel Adams advised: “No Mobs - No Confusions - No Tumult.”⁶⁵

After 1768, two thousand British soldiers were quartered in Boston. Friction between the crowds and the soldiers grew. The soldiers began to take the jobs of working people. Mechanics and shopkeepers lost work or business because of the colonists’ boycott of British goods. In 1769, Boston set up a committee “to Consider of some Suitable Methods of employing the Poor of the Town, whose numbers and distressed are daily increasing by the loss of its Trade and Commerce.”⁶⁶

⁶¹ Howard Zinn, *People’s History of the United States*, Chapter 5: A Kind of Revolution

⁶² Robert G. Parkinson, *The Sons of Liberty*: <http://www.americanforeignrelations.com/Ru-St/Sons-of-Liberty.html>

⁶³ Howard Zinn, *People’s History of the United States*. Chapter 5: A Kind of Revolution, p. 77

⁶⁴ *Ibid.*

⁶⁵ *Ibid.* p. 66

⁶⁶ *Ibid.* p. 67

In March 1770, the grievances of rope-makers against British soldiers taking their jobs led to a fight. A crowd began provoking the soldiers, who fired and killed first Crispus Attucks, a mulatto worker, then others. This became known as the Boston Massacre. Perhaps ten thousand people marched in the funeral procession for the victims of the Massacre, out of a total Boston population of sixteen thousand. This led England to remove the troops from Boston and try to quiet the situation.⁶⁷

The Boston Tea Party,⁶⁸ which took place three years later, was again organized by the officers and committee members of the Sons of Liberty who were drawn almost entirely from the middle and upper classes of colonial society.

Fortunately for the colonial leaders organizing revolt against the British, the key battles were being fought in the North, and in the cities. The Revolutionary movement won over the mechanics, who were a kind of middle class, who had a stake in the fight against England because they were facing competition from English manufacturers. The most difficult problem for the colonial leaders leading the Independence movement was to use that mob energy against England, but also to contain it so that it would not demand too much from them.

Zinn features Gary Nash's study which says that according to city tax listed by the early 1770s, the top 5 percent of Boston's taxpayers controlled 49% of the city's taxable assets. Wealth was more and more concentrated in hands of just a few.⁶⁹ By the time riots against the *Stamp Act*⁷⁰ swept Boston in 1767, the top 10 percent of Boston's taxpayers held about 66 percent of Boston's taxable wealth, while the lowest 30 percent of the taxpaying population had no taxable property at all. The propertyless could not vote and so could not participate in town meetings.⁷¹

In Boston, the economic grievances of the lowest classes mingled with anger against the British and exploded in mob violence. Boston riots in 1767 were analyzed by the commander of the British forces in North America, General Thomas Gage. Gage suggested that leaders of the movement against the Stamp Act had instigated crowd action, but then became frightened by the thought that it might be directed against their wealth too.⁷²

Zinn finds the record of a student from Boston, Dirk Hoerder, who describes the Revolutionary leadership of the Boston mob action as "the Sons of Liberty type drawn from the middling interest and well-to-do merchants...a hesitant leadership," wanting to press action against Great Britain, yet worrying about maintaining control over the crowds at home.

⁶⁷ Ibid

⁶⁸ The Boston Tea Party was an act of direct action by the American colonists against Great Britain in which they destroyed many crates of tea bricks on ships in Boston Harbor. The incident, which took place on Thursday, December 16, 1773, has been seen as helping to spark the American Revolution.

⁶⁹ Howard Zinn, *People's History of the United States*, p. 60

⁷⁰ The Stamp Act of 1765 was the fourth Stamp Act to be passed by the Parliament of Great Britain but the first attempt to impose such a direct tax on the colonies. The act required all legal documents, permits, commercial contracts, newspapers, wills, pamphlets, and playing cards in the American colonies to carry a tax stamp. It was part of an economic program directly effecting colonial policy that was initiated in response to Britain's greatly increased national debt incurred during the British victory in the Seven Years War

⁷¹ Howard Zinn: *People's History of the United States*, p. 65

⁷² Ibid.

In Virginia, it seemed clear to the educated gentry that something needed to be done to persuade the lower class to join the revolutionary cause, to deflect their anger against England. One Virginian wrote in his diary in the spring of 1774: “The lower Class of People here are in tumult on account of Reports from Boston, many of them expect to be press'd & compell'd to go and fight the Britains!”⁷³

The talented orator from Virginia, Patrick Henry, found language inspiring to all classes:

I as the lowest and poorest among you? ... Listen to no doctrines which may tend to divide us, but let us go hand in hand, as brothers....⁷⁴

A rhetoric of unity was constantly used. To this day, the spell of unity and patriotism is always used during US presidential campaigns, before attacking another nation, and on other occasions when the government needs the support of public opinion to legitimize its rule or actions. Such political strategy is efficient not only in the United States but in all state formations. In Europe we have long experience with what exaggerated patriotism can lead to. Unfortunately, this experience does not seem to be transmissible to other societies.⁷⁵

In order to get people to fight, the engineers of the war promised the poor money and some land. But, what happened to land confiscated from fleeing Loyalists? It was distributed in such a way as to give a double opportunity to the “Revolutionary” leaders to enrich themselves and their friends, and to parcel out some land to small farmers to create a broad base of support for the new government. Indeed, this became characteristic of the new richest ruling class in history: keep a large enough middle class to act as a buffer between the rich, on the one side, and the dispossessed, on the other. While ignoring significant inequalities in property, the most mentioned word in the contest of this period of US history is “*equality*”. But, how, while stark differences in wealth remain, can people truly have equal rights in a political system which defines their social status and political rights by wealth?

When looking closely at the driving interests of the resistance organizers, we can conclude the huge landholdings of the Loyalists had been one of the great motives of the American Revolution.

Lord Fairfax in Virginia had more than 5 million acres encompassing twenty-one counties. Lord Baltimore's income from his Maryland holdings exceeded 30,000 pounds a year. After the Revolution, Lord Fairfax was protected because he was a friend of George Washington. But other Loyalist holders of great estates, especially those who were absentees, had their land confiscated.⁷⁶

⁷³ Ibid. p. 68

⁷⁴ Ibid.

⁷⁵ Since the War of Independence Americans are constantly trained to have extremely patriotic feelings cause which the ruling class avoids class conflicts and even strong radical dissent. Invention of television, police power, new laws but also highly efficient propaganda as that of Edward Bernays made this control over broad public extremely effective. Dissent in the United States exists but the elite's structures are so strong that it becomes extremely difficult to oppose them.

⁷⁶ Howard Zinn: People's History of the United States, page 84

Carl Degler, author of *Out of Our Past: The Forces That Shaped Modern America*, wrote:

No new social class came to power through the door of the American Revolution. The men who engineered the revolt were largely members of the colonial ruling class. George Washington was the richest man in America. John Hancock was a prosperous Boston merchant,⁷⁷ Benjamin Franklin was a wealthy printer. And all the other Founding Fathers came from similar backgrounds.⁷⁸

The southern lower classes resisted being mobilized for the revolution. They saw themselves under the rule of a political elite, win or lose, against the British.

During the revolution, to mobilize people to fight, tenants were Promised Land. A prominent landowner of Dutchess County wrote in 1777 that a promise to make tenants freeholders “would instantly bring you at least six thousand able farmers into the field.” But, the farmers who enlisted in the Revolution and expected to get something out of it found that, as privates in the army, they received \$6.66 a month, while a colonel received \$75 a month. They watched local government contractors like Melancthon Smith and Matthew Paterson become rich, while the pay they received in continental currency became worthless with inflation.⁷⁹

3.4. Equality and the System of Distributing Power in the US

In the Declaration of Independence lay arguments against King George III's abuses of power over the population in the Colonies:

He has refused to pass other Laws for the accommodation of large districts of people, unless those people would relinquish the right of Representation in the Legislature, a right inestimable to them and formidable to tyrants only.⁸⁰

With regard to the rights of the people, the Declaration states:

But when a long train of abuses and usurpations, pursuing invariably the same Object evinces a design to reduce them under absolute Despotism, it is their right,

⁷⁷ John Hancock was President of the Second Continental Congress and of the Congress of the Confederation, the first Governor of Massachusetts, and the first person to sign the United States Declaration of Independence

⁷⁸ Howard Zinn: *People's History of the United States*, p. 85

⁷⁹ Ibid.

To understand a nation we have to understand the roots of its political culture. With this knowledge we can analyze and understand what is happening, in this day, in Iraq or Afghanistan, where private US mercenary armies like Blackwater, Triple Canopy and DynCorp are paid in hundreds of thousands of dollars, drive almost indestructible cars when the US soldiers are paid a few thousand dollars, have to pay for their bullet-proof jackets and pay the military for a helmet if they lose it even in combat as the Nobel Laureate Joseph Stiglitz and Harvard Economist Linda Bilmes say in their study: *The Three Trillion Dollar War: The True Cost of the Iraq Conflict*. Young people are allured to the army and war because besides they think it is patriotic, manly, and adventure, they see quick money, but it is not them who are making the real money. It is again the corporations who generate the largest profits from the war.

Privatizing the Iraq war, The large-scale involvement of private security companies in Iraq is again in question following the deaths of civilians in a Baghdad incident.

<http://www.isn.ethz.ch/news/sw/details.cfm?ID=18138>

⁸⁰ <http://www.ushistory.org/declaration/document/index.htm>

it is their duty, to throw off such Government, and to provide new Guards for their future security. — Such has been the patient sufferance of these Colonies; and such is now the necessity which constrains them to alter their former Systems of Government.⁸¹

This solicits the question, In just what way did the system of government actually change from the point of view of the people?

The Constitution of the United States indicates that, as opposed to the kind words of the Declaration, not all men are, in fact, created equal, and that no human quality but quantity of wealth is more basic for becoming a politician or a more fundamental condition for being able to enjoy the right to vote. The US has a long history of tactics how to exclude the vast majority of the people or large social groups from the voting process. The voting right went from property criteria to electoral payments, literacy tests to photo IDs, all of which the poor and elderly, those today without a drivers license, tend not to possess.

Gore Vidal, in an interview with a Czech journalist, described the country's government as the oligarchic rule of one percent of the US population—supported by another twenty percent of the upper classes—ruling the eighty percent of the rest of the nation, keeping them in poverty. The US, today, has the highest rate of poverty in the developed world. US citizens have always believed that hard work will bring rewards, but vast numbers now cannot meet their bills even with two or three jobs. More than one in ten citizens live below the poverty line, and the gap between the haves and have-nots is widening.⁸² Overall the US ranks 16th on the Human Poverty Index.⁸³

On the question of the distribution of power, Vidal says:

Once someone asked James Madison, who in the year 1789 more or less wrote the American Constitution, what is going to happen when the American population will reach one million inhabitants, because this will mean that there will have to be 500 Congressman, how they will they get to agree on something? And Madison replied: “Do not forget the iron rule of oligarchy, which applies always

⁸¹Ibid.

⁸² 37 Million Poor Hidden in the Land of Plenty, Guardian 2/19 2006:

<http://www.guardian.co.uk/world/2006/feb/19/usa.paulharris>

The official poverty threshold is adjusted for inflation using the consumer price index. Poverty in the United States is cyclical in nature with roughly 12% to 15% living below the federal poverty line at any given point in time, and roughly 40% falling below the poverty line at some time within a 10 year time span.

Zweig, Michael (2004) What's Class Got to do With It, American Society in the Twenty-first Century. ILR Press

“Whether in regard to the economy or issues of war and peace, class is central to our everyday lives. Yet class has not been as visible as race or gender, not nearly as much a part of our conversations and sense of ourselves as these and other ‘identities.’ We are of course all individuals, but our individuality and personal life chances are shaped—limited or enhanced—by the economic and social class in which we have grown up and in which we exist as adults.”—from the Introduction

The contributors to this volume argue that class identity in the United States has been hidden for too long. Their essays, published here for the first time, cover the relation of class to race and gender, to globalization and public policy, and to the lives of young adults. They describe how class, defined in terms of economic and political power rather than income, is in fact central to Americans' everyday lives. What's Class Got to Do with It? is an important resource for the new field of working class studies.

http://www.cornellpress.cornell.edu/cup_detail.taf?ti_id=4136

⁸³UN Statistics of the Human Development Report: <http://hdr.undp.org/en/statistics/>

and everywhere: everything is being decided on by a few powerful men - irrespective of any institution or the state.”⁸⁴

Looking at the background of the US Presidents, we have to understand, if one wants to become a US President, he, or, perhaps in a further future, she has to be the reliable friend of corporate America, which is the largest contributor to political races and is the major beneficiary of the laws passed on Capitol Hill.

To successfully run for a seat in Congress, one has to usually have, or raise, for average people, unimaginable dollar amounts. In the US political system, this is not a new procedure, it is a tradition. In Maryland, for instance, by the new constitution of 1776, to run for governor one had to possess 5,000 pounds of property, to run for senator, 1,000 pounds. Thus, 90 percent of the population was excluded from holding office.⁸⁵

Through all the 17th-century growth in agriculture, small manufacturing, shipping, and trade, the gap between rich and poor was growing vast. The upper class was generating the country's wealth, and through its influence they managed to monopolize the legislative body, putting it safely in the hands of the wealthy. Boston tax records show that in 1687 there were, out of a population of six thousand, about one thousand property owners, the top 5 percent, while 1 percent of the population consisted of fifty rich individuals who had 25 percent of all the wealth. By 1770, the top 1 percent of property owners owned 44 percent of the wealth. As Boston grew in the period of 1687 to 1770 the percentage of adult males owning no property doubled from 14 percent to 29 percent.⁸⁶ And, no property meant no voting rights. White males with certain amount of property could vote, but poor white people such as laborers and tenants, as well as women and slaves, not mentioning the indigenous population, were politically invisible. Native Americans had no rights at all. Considering the way they were treated, they had not even the right to life.

When we recall this part of US history, we can clearly see that the power of money has always played a central role in the US elections, and, therefore, in the entire political system. Signs of these principles are to be found in the mainstream media every day,⁸⁷ but they especially occur during the political debates before the presidential elections.⁸⁸

⁸⁴Gor Vidal: "Im a Perfect Example of Consorship, Salon, literární příloha Práva 3/22 2001

⁸⁵ Howard Zinn: People's History of the United States, p. 82

⁸⁶ Ibid p. 49

⁸⁷ Jerry Day, a TV producer in Burbank, CA exposes the stunning disconnect between the major media version of the US Presidential election coverage and candidate popularity trends on the internet:

<http://articles.mercola.com/sites/articles/archive/2008/05/13/media-caught-lying-about-presidential-candidates-popularity.aspx?source=nl>

⁸⁸Senate candidate on the Green Party ticket, Aaron Dixon was arrested outside of the KING 5 TV when he wanted to participate in political debate this year. He was not allowed to be a part of a Republican and Democratic debate, because he did not have \$1 million on his campaign's account. Criterion for freedom of speech, at this political debate, was 1 million dollars. In an interview Dixon said: "people had to understand that our political arena is an arena for the very wealthy, and so, therefore, the voice of the people is not really being heard and being listened to. So I felt that I had to challenge that at that time... I wanted to bring to the attention that other candidates should have an opportunity to be represented in the political arena."

US historian George Bancroft wrote in the early nineteenth century:

The Constitution establishes nothing that interferes with equality and individuality. It knows nothing of differences by descent, or opinions, of favored classes, or legalized religion, or the political power of property. It leaves the individual alongside of the individual.... As the sea is made up of drops, American society is composed of separate, free, and constantly moving atoms, ever in reciprocal action...so that the institutions and laws of the country rise out of the masses of individual thought which, like the waters of the ocean, are rolling evermore.⁸⁹

Early in the twentieth century, historian Charles Beard wrote in his book called *An Economic Interpretation of the Constitution*:

Inasmuch as the primary object of a government, beyond the mere repression of physical violence (other than their own), is the making of the rules which determine the property relations of members of society, the dominant classes whose rights are thus to be determined must perforce obtain from the government such rules as are consonant with the larger interests necessary to the continuance of their economic processes, or they must themselves control the organs of government.⁹⁰

In other words, the wealthy part of the population must, in their own interest, either be part of the government and control it directly or control the laws by which government operates. I believe we can call it corruption but, today, we define this influence of legal corruption as lobbying.

Beard applied this very logical idea to the Constitution, by studying the economic backgrounds and political ideas of the fifty-five men who gathered in Philadelphia in 1787 to draw up the Constitution. He found that all of them were men of wealth, in land, slaves, manufacturing, or shipping, that half of them had money loaned out at interest, and that forty of the fifty-five held government bonds, according to the records of the Treasury Department.⁹¹ He saw the ideology of Constitution as a product of economic interests. More specifically, the Constitution was written by a “cohesive” elite seeking to protect its property and economic standing.

Their economic interests were defining their will to establish a strong federal government. The manufactures needed protective tariffs, the moneylenders wanted to stop the use of paper money to pay off debts, the land speculators wanted protection as they invaded Indian lands, slave-owners needed federal security against slave revolts and runaways, bondholders wanted a government able to raise money by nationwide taxation, to pay off those bonds.

⁸⁹A PLEA FOR THE CONSTITUTION OF THE UNITED STATES, Wounded in the House of Its Guardians by George Bancroft 1884: <http://www.constitution.org/gb/gb-plea.htm>

⁹⁰ Howard Zinn, *People's History of the United States*, page 90

⁹¹ *Ibid*

Beard notes, four groups of the society were not represented in the Constitutional Convention: slaves, indentured servants, women, and men without property. The Constitution did not reflect the interest of these groups.

We also have to understand that the Constitution was not written to enrich just the Founding Fathers. We cannot overlook the \$150,000 fortune of Benjamin Franklin, the connections of Alexander Hamilton to wealthy interests he had through his wife's family, the great slave plantations of James Madison, the enormous landholdings of George Washington. But, it was to benefit the groups the Founders represented, the "economic interests they understood and felt in concrete, definite form through their own personal experience."⁹² When we look at the social backgrounds of the authors of the Constitution and their economic interests, we can understand that the new nation's political system was founded on the principles of an aristocratic republic rather than a democratic republic. The aim of the newly-formed government was to maintain order and certain a distribution of power and wealth in which government officials would keep monopolizing the society's riches.

A Founding Father who co-wrote the Federalist Papers, a primary source for Constitutional interpretation, economist, political philosopher, Alexander Hamilton, was the first United States Secretary of the Treasury.

As an economic mind Hamilton's primary interest was to protect the property rights of the elites he had contacts with, and became a part of in 1780 when he married Elizabeth Schuyler, the daughter of General Philip Schuyler, thus joining one of the richest and most influential political families in the state of New York.

Hamilton gave US capitalism a political philosophy. He didn't create the US's market economy so much as foster the cultural and legal setting in which it flourished. A capitalist economy requires certain preconditions to take root. Hamilton allowed these preconditions to be met.

As Secretary of the Treasury and confidant of President Washington, he had wide-reaching influence over the direction of policy during the formative years of the government. He proposed a financial program which not only was a statesmanlike solution of pressing financial difficulties, but was brilliantly designed to give the business community its enduring stakes in the government. He proposed government protection of industry. But once he fully understood the significant power of the moneyed man in the banking sector, his perspective of the alliance of business and government came to embrace a key element of absolute power over society and its interests: the Bank of United States, a profit-making institution to be privately owned.

He offered as immediate bait the assumption of the state debts and the funding system. He facilitated the key element of the durable alliance, the Bank of the United States - to enjoy special access to the public funds which as he had earlier observed, would link "the interest of the State in an intimate connection with those of the rich individuals belonging to it."⁹³

⁹² Ibid 91

⁹³ Arthur M. Schlesinger, *The Age of Jackson*, p. 17

Hamilton believed in the importance of a strong central government, and convinced Congress to use an elastic interpretation of the Constitution to pass far-reaching laws. These included the funding of the national debt, federal assumption of the state debts, creation of a national bank, and a system of taxes through a tariff on imports and mentioned tax on whiskey that would pay off the state debts.

Hamilton had no sympathies with the general public; his sympathies were absorbed with the wealthy. With those, he believed, the state should unite its interests and to them should belong a permanent share in the government.

Hamilton summed up the relation between the public and the government in a rather old fashioned manner:

All communities divide themselves into the few and the many. The first are the rich and well-born, the other the mass of the people. The voice of the people has been said to be the voice of God; and however generally this maxim has been quoted and believed, it is not true in fact. The people are turbulent and changing; they seldom judge or determine right. Give therefore to the first class a distinct permanent share in the government.... Can a democratic assembly who annually revolve in the mass of the people be supposed steadily to pursue the public good? Nothing but a permanent body can check the imprudence of democracy....⁹⁴

The rock on which Alexander Hamilton built his “shining city upon a hill” was the deep-seated conviction that society would be governed best by an aristocracy, and that an aristocracy was based most properly and enduringly on property.

A member of the same political party as Hamilton, Daniel Webster put the argument in its most massive form in his famous speech at the Massachusetts Convention: “Power naturally and necessarily follows property,” he declared. And, “a republican form of government rests not more on political constitutions than on those laws which regulated the descent and transmission of property.” It would seem, then, he concluded:

...to be the part of political wisdom to found government on property and to establish such distribution of property, by the laws which regulated its transmission and alienation, as to interest the great majority of society in the protection of the government.⁹⁵

Hamilton expressed his autocratic philosophy also at the Constitutional Convention where he suggested a President and Senate should be chosen for life.⁹⁶ Hamilton, believing that government must ally itself with the richest elements of society to make itself strong. In Congress he introduced tax law like the Whiskey Tax, which especially hurt small farmers for whom the whole process of making whiskey stopped being profitable. In 1794 the farmers of

⁹⁴ Arthur M. Schlesinger, *The Age of Jackson*, p. 19

⁹⁵ *Ibid*

⁹⁶ Howard Zinn, *People's History of the United States*, p. 96

western Pennsylvania rebelled against the collection of the tax but the power to tax was strictly enforced. Hamilton, as a Secretary of the Treasury then, led troops to put down the rebellion.

Understandably Alexander Hamilton didn't believe in the Bill of Rights. In Federalist paper No. 84, he argued against it, asserting that ratification of the Constitution did not mean the US people were surrendering their rights, and therefore that protections were unnecessary:

Here, in strictness, the people surrender nothing, and as they retain everything, they have no need of particular reservations.⁹⁷

Industrialism, worshiped by Hamilton and wealthy Federalists was opposed by Republicans led by Virginian farmer, Thomas Jefferson, for whom it was a symbol of corruption. But the energies of industrialism were irresistible, and they began to work through the Republican party. Federalists believed industrialism would buy everything the farmers could raise and rounded out a general program by adding to it the policy of government support of internal improvements, which further won the West.

The various measures dovetailed neatly in a compact system based in large part on the debt created by Hamilton's funding plan. The debt made the Bank indispensable as a financial agent and the tariff indispensable as a source of revenue. The internal-improvements policy promised a future of steady spending which would save the debt from extinction. And the debt itself, by its very existence, bound the government to its creditors, the business and financial groups. "A national debt," Hamilton had written, "if it is not excessive, will be to us a national blessing."

Henry Clay of Kentucky, a former Jeffersonian Republican came to adore the Federalists' program with all the fascination of his personality, the fire of his rhetoric, and the daring of his political management. He made Federalism a living vision, replacing the dry logical prose of Hamilton, and added thrilling pictures of a glorious future. Rising nationalism suggested a new and disarming name—the American System—, and, with Clay, this project slowly won its way to the inner councils of the government.⁹⁸

Before he became a president and got what Vidal calls, in his novel *Burr*, the 'executive disease', Thomas Jefferson said:

Necessities which dissolve a government do not convey its authority to an oligarchy or a monarchy. They throw back into the hands of the people the powers they had delegated, and leave them as individuals to shift for themselves.⁹⁹

Jefferson was a great admirer of the French Revolution and before it broke out he said:

⁹⁷ FEDERALIST PAPER NO. 84, <http://supreme.lp.findlaw.com/documents/federalist/federalist84.html>

⁹⁸ Arthur Schlesinger, *The Age of Jackson*, p. 18.

⁹⁹ Thomas Jefferson: Notes on Virginia Q.XIII, 1782

The people cannot be all, and always, well-informed. The part which is wrong will be discontented in proportion to the importance of the facts they misconceive. If they remain quiet under such misconceptions, it is lethargy, the forerunner of death to the public liberty.¹⁰⁰

Jefferson also warns the people not to rely on government protection, not to give up their rights for what may seem as government protection. It is not worth it.

But is the spirit of the people an infallible, a permanent reliance? Is it government? Is this the kind of protection we receive in return for the rights we give up? Besides, the spirit of the times may alter, will alter. Our rulers will become corrupt, our people careless. A single zealot may commence persecutor, and better men be his victims. It can never be too often repeated, that the time for fixing every essential right on a legal basis is while our rulers are honest, and ourselves united.¹⁰¹

Even after Jefferson caught the ‘*executive disease*’, he was able to draw a distinction between those who govern and those governed:

I am not among those who fear the people. They and not the rich are our dependence for continued freedom.¹⁰²

Jefferson, was a farmer from Virginia who had undying enthusiasm for the French Revolution, in spite of the way it had morphed into a military dictatorship under Napoleon Bonaparte. He admired what the people fought for: freedom, equality and brotherhood.

In 1787 Jefferson wrote to James Madison:

Societies exist under three forms, sufficiently distinguishable. 1. Without government, as among our Indians. 2. Under governments, wherein the will of everyone has a just influence; as is the case in England, in a slight degree, and in our States, in a great one. 3. Under governments of force; as is the case in all other monarchies, and in most of the other republics. To have an idea of the curse

¹⁰⁰ Thomas Jefferson to William Stephens Smith, 1787:

“What country can preserve its liberties if its rulers are not warned from time to time that their people preserve the spirit of resistance? Let them take arms. The remedy is to set them right as to facts, pardon and pacify them”.

Thomas Jefferson to William Stephens Smith, 1787.

“Governments, wherein the will of everyone has a just influence... has its evils,... the principal of which is the turbulence to which it is subject. But weigh this against the oppressions of monarchy, and it becomes nothing. *Malo periculosam libertatem quam quietam servitutem.* [I prefer the tumult of liberty to the quiet of servitude.] Even this evil is productive of good. It prevents the degeneracy of government, and nourishes a general attention to the public affairs.”

Thomas Jefferson to James Madison, 1787.

“Sometimes it is said that man cannot be trusted with the government of himself. Can he, then, be trusted with the government of others? Or have we found angels in the form of kings to govern him? Let history answer this question.”

Thomas Jefferson: 1st Inaugural, 1801

¹⁰¹ Thomas Jefferson: Notes on Virginia, Q.XVII, 1782.

¹⁰² Thomas Jefferson to Samuel Kercheval, 1816.

of existence under these last, they must be seen. It is a government of wolves over sheep.¹⁰³

Nevertheless, already in his first year of his presidency, Jefferson did not hesitate, without discussing it with Congress, thus illegally, to buy Louisiana, which doubled the size of the United States and brought huge debt on the US citizens, who opposed the *Louisiana Purchase*. There was also a great population in the newly-acquired territory. Indians, French Catholics, and others. These people were practically bought by Jefferson. The new great territory with its people had now to be administrated, and the people of the United States were to pay for it. It was a move against democracy, and in the words of Senator Burr, “the first step towards Empire.”¹⁰⁴ Also discussion about how to govern the new territory again heated the dispute between North and South on the issue of slavery. The industrial North did not want to turn the new manpower into old-fashion slaves, for whom they would have to care for with accommodation, food, and security. They needed cheap factory workers. They wanted new-age “wage slaves”, whom they did not have to care about after they left the factories.

Jeffersonian agrarians held that the economy of the United States should rely more on agriculture for strategic commodities than on industry. Jefferson specifically believed, that “those who labor in the earth are the chosen people of God, if ever he had a chosen people”¹⁰⁵ and that the American dream required that the land be kept free from the corruptions of industrialism:

While we have land to labor then, let us never wish to see our citizens occupied at a work-bench, or twirling a distaff. Far better to send our materials to Europe for manufacture, then to bring working men to these virgin shores, and with them their manners and principles.¹⁰⁶

The belief was that unlimited expansion of commerce and industry would lead to the growth of a class of wage laborers that relied on others for income and sustenance, as happened during the Industrial Revolution and the Gilded Age.¹⁰⁷ Such a situation, Jeffersonians feared, would leave the US people vulnerable to political subjugation and economic manipulation. Jefferson feared industrialism, but his ideals were not entirely opposed to all manufacturing. Nevertheless, what had to come was unstoppable. However much wiser it might have been for the health of US society to leave the factories in Europe, it slowly became more profitable to bring them to the

¹⁰³ <http://etext.virginia.edu/jefferson/quotations/>

¹⁰⁴ The Federalists strongly opposed the purchase, favoring close relations with Britain over closer ties to Napoleon, believing the purchase to be unconstitutional, and concerned that the US had paid a large sum of money just to declare war on Spain. The Federalists also feared that the political power of the Atlantic seaboard states would be threatened by the new citizens of the west, bringing about a clash of western farmers with the merchants and bankers of New England. There was concern that an increase in slave holding states created out of the new territory would exacerbate divisions between north and south, as well.

¹⁰⁵ Arthur M. Schlesinger, Jr., *The Age of Jackson*, p.15

¹⁰⁶ *Ibid*

¹⁰⁷ In US history, the "Gilded Age" refers to major growth in population in the US and extravagant displays of wealth and excess of America's upper-class during the post-Civil War and post-Reconstruction era, from the 1870s to 1900. The wealth polarization derived from industrial and population expansion. The entrepreneurs of the Second Industrial Revolution created industrial towns and cities in the Northeast with new factories, and contributed to the creation of an ethnically diverse industrial working class which produced the wealth owned by the rising super-rich industrialists and financiers such as Cornelius Vanderbilt, John D. Rockefeller, Andrew Carnegie, Henry Flagler, and J.P. Morgan. Their critics called them "robber barons", referring to their use of overpowering and sometimes unethical financial manipulations. There was a small, growing labor union movement, led in part by Samuel Gompers, who created the American Federation of Labor (AFL).

materials. Jefferson's idealistic stance on the economy became just untenable. No self-production of final goods also meant dependence of the US on suppliers. Jefferson had no other chance than to help nourish the trend he disliked in his Eden. And this he did with one of his favorite measures, the Embargo of 1807,¹⁰⁸ which set on firm footing manufacturing establishments started experimentally along the Atlantic coast during the twenty years preceding. The War of 1812 and the British blockade further stimulated domestic US manufacturers. Business enterprise boomed and so did the future cancer of the nation as Jefferson predicted.

Jefferson is the author of the *Declaration of Independence*, which was adopted by the Congress on July 2, and officially proclaimed July 4, 1776. The words from its second paragraph are often remembered when speaking of the principles on which the US was found:

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness....¹⁰⁹

Despite these noble words, the Declaration of Independence was limited to life, liberty, and happiness only for white males. Therefore, when people today repeat this phrase with sentiment, they are expecting too much from this political document and its meaning.

Howard Zinn mentions that Jefferson wrote a paragraph of the Declaration accusing the King of transporting slaves from Africa to the colonies and "suppressing every legislative attempt to prohibit or to restrain this execrable commerce." But, Jefferson himself owned hundreds of slaves. However, his paragraph was removed by the Continental Congress, because slaveholders themselves disagreed. We could leave it to Jefferson's credit that he tried to say something about this issue. But, then, we have to ask why he also did not "try" for the women, who were politically ignored¹¹⁰ by this great manifesto of human rights, as it is regarded? And, what about the Native Americans? What were their rights on their land? Zinn marks that twenty years before the Declaration, a proclamation of the legislature of Massachusetts of November 3, 1755, declared "the Penobscot Indians 'rebels, enemies and traitors'," and provided a bounty: "For every scalp of a male Indian brought in...forty pounds. For every scalp of such female Indian or male Indian under the age of twelve years that shall be killed...twenty pounds...."¹¹¹

When Jefferson wrote the Declaration, the situation of Indians was not any better. But the famous document did not even notice their existence. Along with women and African-Americans their rights were completely ignored. Even though Jefferson attempted to refute the assertions of the French biologist Comte de Buffon that Native people were inferior in intellect and sexual ardor, he also subscribed fully to the idea that Native lifestyles based on hunting must

¹⁰⁸ Arthur M. Schlesinger, *The Age of Jackson*, page 15

¹⁰⁹ <http://www.ushistory.org/declaration/document/index.htm>

¹¹⁰ In 1866, the 14th Amendment to the federal Constitution was passed, guaranteeing citizenship to the former slaves and changing them in the eyes of the law from 3/5 of a person to whole persons. Then, in 1869, the 15th Amendment guaranteed the right to vote to black men, with most women of all races still unable to vote. Initiatives to promote voting for women have been traced back to the 1770s, but the modern movement for a vote for women traces its beginning to the Seneca Falls Convention in 1848, when supporters of a Constitutional Amendment to allow women to vote came together. While their movement was slowed during the Civil War years, the two major suffragist organizations united after the war and pushed forward with a movement that culminated, after many difficult years, in the Nineteenth Amendment in 1920.

¹¹¹ Howard Zinn, *People's History of the United States*, p. 72

give way before those of settled agriculturalists, and that Native cultures must assimilate the values of US society.¹¹²

A Canadian-US anthropologist who specializes in Native-American studies, Anthony F. C. Wallace, argues in his book *Jefferson and the Indians: The Tragic Fate of the First Americans*,¹¹³ that although "Jefferson was keenly interested in the past history of American Indians, as evidenced in his systematic excavation of an Indian mound, his interest was antiquarian. His ultimate objective was to acquire Indian land," as he proved by purchasing the land of Louisiana and advocating a '*final solution*' for the Native Americans.

In 1803, when Jefferson bought the French colony in the Louisiana Purchase, he doubled the territory of the United States.¹¹⁴ Jefferson saw it as a way to consolidate US occupation of the territory east of the Mississippi River. One of his more controversial policies was the plan to effect the resettlement of all white settlers in the Louisiana Territory to lands east of the Mississippi. To accomplish this, he also had to find a way to remove the southeastern tribes, the Choctaws, Cherokees, Creeks, and Chickasaws, from their homes.

He collected Indian materials and sent expeditions in search of new information that promoted the development of US science, but he remained stubbornly opposed to what ethnographic evidence revealed about Native people. As Wallace says:

He denied that Indian people were capable of independent cultures. He proposed the use of the Louisiana Purchase as a ground where hunting tribes could pursue their traditional lifestyles while holding fast to his idea that Native people must ultimately disappear before the advance of American society.¹¹⁵

As a consequence of the white man's greed, Indians were driven out of their homes and slaughtered.

When scholars characterize the US foreign policy today, they often use the word "*messianism*" but rarely mention that it was the Europeans who taught US citizens this way of imposing self interest on the people around the world. Conquistadors from Europe were subjugating the world in saying to aboriginal peoples, "We are bringing you civilization", "we are preserving Christian values". So even though Jefferson and others wanted to contradistinguish US politics from the "rotten" politics of old Europe, they did not succeed. It is more accurate to say that Jefferson copied the old European rhetoric when he called the plan to solve the "Indian question" the "*Civilization Policy*."¹¹⁶

¹¹² Jefferson and the Indians: The Tragic Fate of the First Americans:

http://findarticles.com/p/articles/mi_qa3686/is_200104/ai_n8940484

¹¹³ <http://www.h-net.org/reviews/showpdf.cgi?path=24409959285535>

¹¹⁴ At the time, Jefferson's deal with Napoleon Bonaparte faced domestic opposition as being possibly unconstitutional. Although he felt that the US Constitution did not contain any provisions for acquiring territory, Jefferson decided to purchase Louisiana because he felt uneasy about France and Spain having the power to block American trade access to the port of New Orleans.

¹¹⁵ The Lewis and Clark Expedition:

<http://www.archives.gov/education/lessons/lewis-clark/>

¹¹⁶ "American Indian peoples were divided as to how to respond to Jefferson's policies. The Shawnee chief Black Hoof embraced the "civilization program," and he and many Shawnee settled within the state of Ohio and lived as farmers, while the Shawnee war leader Tecumseh took a different course and led the formation of a pan-Indian resistance movement against the United States

But speaking at the beginning of the 19th century, "civilizing" Indians meant making them farmers and slave holders, which made it impossible for them to pursue what was their major staple item on an emerging market economy, the sale of furs and skins that they procured through their traditional activities.¹¹⁷

After killing or displacing most of the Native American population through plans like Jefferson's "Louisiana Purchase" or the "Florida Purchase"—carried out by major general Andrew Jackson, and meaning the indiscriminate killing of Indians—the struggle for control of power remained between the financial and industrial aristocracy represented by Alexander Hamilton and feudal slave-holding farmers represented at first by Thomas Jefferson. Even though Jefferson was a slaveholder, he had many sympathies with the idea of peoples' struggle for freedom, but overwhelmingly with his fellow-countrymen.

Jefferson was an idealist, but just towards the white man, often radical in his words of freedom and equality, but not for all, as we have seen.

The War of 1812 clearly exposed the inadequacy of simple Jeffersonian solutions for complex questions either of finance or of administration. Eight years of leading the nation had also made certain the triumph of the statesman over the philosopher.

The post-war economic chaos made the government especially vulnerable to the cogent and specific demands of the business community. The approval of the Second Bank of the United States in 1816 by James Madison,¹¹⁸ the man who twenty-five years before had been a radical opponent of the First Bank, and his endorsement of the Tariff Act of 1816,¹¹⁹ was an appropriate commentary on the breakdown of Jeffersonian idylls.¹²⁰

government in the years prior to the War of 1812. Some of the Indian nations in the South also accepted the "civilization program" and eventually became known as the "Five Civilized Tribes." Many in the Creek and Cherokee nations built towns and plantations, and some individuals held African-American slaves just as their white neighbors. Yet many southern Indians remained skeptical of "civilization" and joined Tecumseh's movement. Among the Creeks, a distinct anti-white resistance movement called the Red Sticks rose against the United States and the Creek nation itself during the War of 1812." Today's American president, and many presidents before him, is also continuing in this long-lasting tradition, when they call attacking a nother nations "spreading of democracy and freedom."

President Jefferson and the Indian Nations:

<http://www.monticello.org/jefferson/lewisandclark/presidentindian.html>

¹¹⁷ The desire for land raised the stakes of the "civilization program". Jefferson told his agents never to coerce Indian nations to sell lands. The lands were theirs as long as they wished, but he hoped to accelerate the process. In a letter to William Henry Harrison, written as the diplomatic crisis leading to the Louisiana Purchase unfolded, Jefferson suggested that if the various Indian nations could be encouraged to purchase goods on credit, they would likely fall into debt, which they could relieve through the sale of lands to the government. The "civilization program" would thus aid the Indians in accordance with Enlightenment principles and at the same time further white interests:

<http://www.monticello.org/jefferson/lewisandclark/presidentindian.html>

Jefferson's Confidential Letter to Congress, Jan. 18. 1803

(A transcription of the original letter)

http://www.monticello.org/jefferson/lewisandclark/congress_letter.html

¹¹⁸ Bank of the United States (American financial institution):

<http://www.britannica.com/eb/topic-617346/Bank-of-the-United-States>

¹¹⁹ The 14th Congress passed the Tariff Act of 1816 levying a series of 25 percent duties designed to encourage domestic manufacturing: <http://www.tax.org/Museum/1816-1860.htm>

¹²⁰ Jefferson's philosophy concerning the role of the central government can be most clearly seen when investigating his disagreement with Alexander Hamilton over the creation of a National Bank. Hamilton was a staunch supporter of a strong central government. While it a National Bank was not expressly mentioned in the Constitution, Hamilton felt that the elastic

Madison and Monroe, the Virginia Presidents who occupied the White House from 1809 to 1825, were lacking either the will or the capacity to work out a program in terms of their own social philosophy. Therefore they were forced to retreat from their original Jeffersonian positions.

Still, the mythology around the Founding Fathers persists in the US history school books and many other books on history. In his 728 page publication, *A People's History of the United States*, Zinn¹²¹ emphasizes that the class differences in the US were so wide that no voting right could help the poor against the advantages of the rich:

The problem of democracy in the post-Revolutionary society was not, however, the Constitutional limitations of voting. It lay deeper, beyond the Constitution, in the division of society into rich and poor. For if some people had great wealth and great influence; if they had the land, the money, the newspapers, the church, the educational system - how could voting, however broad, cut into such power? There was still another problem: wasn't it the nature of representative government, even when most broadly based, to be conservative, to prevent tumultuous changes?¹²²

In a very different situation, similar motives divided two political groups in Czechoslovak history: the Panslavic and Austroslavic movements in the mid 19th century. The prior values of the Panslavic movement were "freedom, equality and brotherhood" following the slogan of the French revolution. These major principles of the Panslavs could be compared to Jefferson's early thinking. On the other hand, the Austroslavic movement did not fight for a total independence from the Austrian Empire. Federation would have been acceptable for them. This reminds one of Alexander Hamilton's wanting the United States to stay an integral part of the British Empire, which system of colonial economy power he admired, opposing what he saw as the excesses of the French Revolution.

3.5. Democratic Laws and Their Deconstruction

Neither France after the Revolution of 1789 nor America after its War of Independence (1775–1783) reflected the principles of equality among all citizens. The US Constitution reflected one social group's interests and maintained this group's privileges, while giving just enough rights and liberties to enough of the people to ensure popular support. The Constitution was a compromise between the moneyed industrialists in the North who wanted laws regulating interstate commerce—urging that such laws require only a majority of Congress to pass—and the slaveholders of the South, who agreed to this in return for allowing them trade in slaves. This compromise of the wealthy was a platform for one great market of commerce in which all

clause (Art I., Sect. 8, Clause 18) gave the government the power to create such a body. Jefferson completely disagreed. He felt that all powers given to the National Government were enumerated. If they were not expressly mentioned in the Constitution then they were reserved to the states.

¹²¹ H. Zinn - Second Lieutenant and bombardier of the US Army Air Corps, during the Second World War, civil rights activist and professor of the Political Science at the Boston's University.

¹²² Howard Zinn, *People's History of the United States*, page 96

the independent people, with property, had a significantly better chance to “pursue their happiness” than their poorer brothers and sisters.

Charles Beard, widely regarded, along with Frederick Jackson Turner,¹²³ as one of the two most influential US historians of the early 20th century, documented that governments, not in exclusion of the United States government, are not neutral, that they represent the dominant economic interests of the societies that institute them, and that their constitutions are intended to serve these interests.

For instance, the true interests of the Founding Fathers are to be recognized in the shift in the famous phrase “life, liberty and the pursuit of happiness”. The Constitution omitted the phrase which appeared in the Declaration of Independence, and substituted happiness with ownership by the word property.¹²⁴

Professor of History at State University of New York, Jackson Main noted in his book, *The Results of the American Revolution Reconsidered*, that one third of the population in the revolutionary period were small farmers, and only 3 percent of the population had truly large holdings and could be considered wealthy.

Since this Constitution was mainly reflecting the interests of only 3 percent of the population, how is it possible that city workingman all over the US overwhelmingly and enthusiastically supported the United States Constitution? Zinn explains:

Some were wealthy, some were poor, but all were better off than the ordinary laborer, the apprentice, the journeyman, and their prosperity required a government that would protect them against the British hats and shoes and other goods that were pouring into the colonies after the Revolution. As a result, the mechanics often supported wealthy conservatives at the elections.¹²⁵

The Constitution, then illustrates the complexity of the US system: it serves the interests of a wealthy elite, but also does enough for small property owners, for middle-income mechanics and farmers, to build a broad base of support. The slightly prosperous people who make up this base of support are buffers against the blacks, the Indians, the very poor whites. They enable the elite to keep control with a minimum of patriotism and unity.

With the third Federalist president, John Quincy Adams, the party differences proved as crucial. The Federalists, like Washington, Adams, and specially Hamilton, wanted the federal government to be stronger than the state governments. The Democratic-Republicans, like Jefferson, Burr, Madison, and Monroe, believed that the federal government should be weaker than the state governments. They were afraid that if the federal government got too strong, it would become a tyranny like the European monarchies. Of course, their concern was with their wealth. They intended a tyranny over the working class, and, obviously over the indigenous people and people of African descent in the US. This division between strong ”states-rights”

¹²³ Frederick Jackson Turner is best known for his book *The Significance of the Frontier in American History*

¹²⁴ US Constitution , Fifth Amendment - Rights of Persons: <http://caselaw.lp.findlaw.com/data/constitution/amendment05/>

¹²⁵ H. Zinn, *People’s History of the United States* p. 99

people and strong “federal-power” people continues to this day. We can trace this “states-rights” attitude of the then Democratic-Republicans straight through to the post-Jacksonian democrats who used the principle of “states-rights” to protect their “right” to keep slaves, even as the federal government was trying to abolish slavery. Gore Vidal addresses this issue with a lot of great material on the ‘nullification’ principle, in the historic novel *Burr*.

Jefferson tried to argue that states had the right to nullify what the federal government said. But, federalists argued that the federal government should have supreme power. So, there was always this battle between “states-rights” and “federal-power”.

John Jay,¹²⁶ James Madison, and Alexander Hamilton were the most enthusiastic advocates of the Constitution. For its vindication they wrote 85 articles which are remembered by US history as the *Federalist Papers*.

The *Federalist Papers* were written mostly to convince wealthy New Yorkers to accept Constitution.¹²⁷ Some wealthy New Yorkers felt that the conditions of the Constitution would be more beneficial to the less wealthy states than to New York. New York was a much wealthier state than most of the others. They felt that they were being asked to help their weaker neighbor states and that New York was not really benefiting in return. The *Federalist Papers* were also written because after Hamilton’s failure at the convention, he learned that the marriage of the wealthy classes and the state must come after the Constitution, and on grounds which would not shake the loyalty of the masses. Thus, he cheerfully conceded the republican frame of government, and even defended it powerfully in the *Federalist Papers*.

During the debate over the ratification of the Constitution, famous revolutionary figures such as Samuel Adams, Thomas Paine, and Patrick Henry¹²⁸ came out publicly against the Constitution.¹²⁹ They argued that the strong national government proposed by the Federalists was a threat to individual rights and that the President would become a king. They also objected to the federal court system in the proposed Constitution. Thomas Jefferson, ambassador to France at this point, described his concern over the lack of a Bill of Rights, among other criticisms. In answer to the argument that a list of rights might be interpreted as being exhaustive, Jefferson wrote to Madison, “Half a loaf is better than no bread. If we cannot secure all our rights, let us secure what we can.”¹³⁰

The best and most influential of the articles and speeches criticizing the Constitution were gathered by historians into a collection known as the *Anti-Federalist* papers, in allusion to the

¹²⁶ John Jay served on the US Supreme Court as the first Chief Justice of the United States (1789 - 1795). He made his position on democracy clear when he said: “Country should be governed by those who own it”.

¹²⁷ The Federalist Papers : No. 7: <http://www.yale.edu/lawweb/avalon/federal/fed07.htm>

¹²⁸ Patrick Henry is perhaps best known for the speech he made in the House of Burgesses on March 23, 1775, urging legislature to take military action against the encroaching British military force. The House was undecided as to whether to send troops or not, but was leaning toward not committing troops. Henry ended his speech with his most famous words:

“Is life so dear, or peace so sweet, as to be purchased at the price of chains and slavery? Forbid it, Almighty God! I know not what course others may take; but as for me, give me liberty or give me death!”

Along with Samuel Adams and Thomas Paine, he was one of the most influential and radical advocates of the American Revolution and republicanism, especially in his denunciations of corruption in government officials and his defense of historic rights.

¹²⁹ Patrick Henry vs. James Madison on the Nature of Man and <http://www.wfu.edu/~zulick/340/henry.html>

¹³⁰ http://press-pubs.uchicago.edu/founders/print_documents/v1ch14s49.html

Federalist Papers which had supported the creation of a stronger federal government. One of these, an essay “*On the lack of a Bill of Rights*,” later called “*Antifederalist No. 84*,” was written under the pseudonym Brutus, probably by Robert Yates.¹³¹ In response to the Federalist view that it was unnecessary to protect the people against powers that the government would not be granted, “Brutus” wrote:

We find they have, in the ninth section of the first article declared, that the writ of habeas corpus shall not be suspended, unless in cases of rebellion — that no bill of attainder, or ex post facto law, shall be passed — that no title of nobility shall be granted by the United States,... If everything which is not given is reserved, what propriety is there in these exceptions? Does this Constitution any where grant the power of suspending the habeas corpus, to make ex post facto laws, pass bills of attainder, or grant titles of nobility? It certainly does not in express terms. The only answer that can be given is, that these are implied in the general powers granted. With equal truth it may be said, that all the powers which the bills of rights guard against the abuse of, are contained or implied in the general ones granted by this Constitution.¹³²

Habeas corpus is a legal action, or writ, through which a person can seek relief from unlawful detention of himself or another person. The writ of habeas corpus has historically been an important instrument for the safeguarding of individual freedom against arbitrary state action. The laws passed during the Bush administration seem to make the suspension of *habeas corpus* permanent.

Yates continued with an implication directed against the Farmers:

Ought not a government, vested with such extensive and indefinite authority, to have been restricted by a declaration of rights? It certainly ought. So clear a point is this, that I cannot help suspecting that persons who attempt to persuade people that such reservations were less necessary under this Constitution than under those of the States, are willfully endeavoring to deceive, and to lead you into an absolute state of vassalage.¹³³

Co-founder of the Republican Party, Washington’s ghostwriter, Jefferson’s Secretary of State, and fourth president, James Madison, was a co-author of the *Federalist Papers*,¹³⁴ He is also generally credited as the author of the Constitution.

¹³¹ Most scholars believe that Robert Yates was the author of a series of sixteen articles written against the ratification of the United States Constitution under the pseudonym Brutus after Marcus Junius Brutus, who helped assassinate Julius Caesar allegedly in order to preserve the Roman Republic.

The essays, addressed to the “Citizens of the State of New York,” appeared in the New York Journal beginning in October 1787. Yates, along with John Lansing, Jr. and Alexander Hamilton, was at the Constitutional Convention in Philadelphia in 1787. But Lansing and Yates, sensing that what was happening in Philadelphia overstepped their initial obligation of working out problems in the Articles of Confederation, left the convention early. Yates did not sign the Constitution, but later accepted it.

¹³² Antifederalist No. 84 ON THE LACK OF A BILL OF RIGHTS: <http://www.wepin.com/articles/afp/afp84.html>

¹³³ Ibid.

¹³⁴ Federalist Papers Authored by James Madison: <http://www.foundingfathers.info/federalistpapers/madison.htm>

Although Madison was a poor speaker, a perpetual hypochondriac and a secret epileptic, often depressed, his political achievements and intellectual legacy are monumental to the history of the United States. Madison was the chief author of the *Virginia Plan*, which would have created a national, in the place of the old federal, government. In other words, where the states' role had been primary from 1775 to 1787, Madison wanted to reduce them to a secondary status and make the central government primary. As I stressed before, the reason why Anti-Federalists opposed strong federal government was not because they would care about the civil rights of people in each state of the Union, but because they intended their own tyranny over the working class in the controlled states. Therefore, Madison was also a strong opponent of the Bill of Rights.

Madison, as many of the Founding Fathers, sees democracy as a threat to peace and order. He expressed his understanding of the relationship between government and the citizens by saying:

What is government itself but the greatest of all reflections on human nature? If men were angels, no government would be necessary.¹³⁵

Being on the *qui vive*, James Madison viewed his fellow citizens as anything but angelic. Richard Matthews, professor and chair of the department of government at Lehigh University, analyses Madison in his book, *If Men Were Angels*. Matthews describes James Madison and his politics as a “cold empire of reason”. In his systematic study of Madison’s political thoughts and actions, Professor Matthews is offering an interpretation of Madison’s political views, portraying a much less optimistic, and yet more liberal Madison than most historians have before. Neither civic humanist nor democrat, as the US history school books describe him, this Madison is a distrusting, calculating, “pragmatic Machiavellian Prince”, who did not allow himself to slip into abstract speculations; an eighteenth-century liberal whose main goal was to construct a stable polity.

The essence of Madison’s political views according to Matthews is tidily summed up as follows:

Madison had little faith in either the demos or virtue. Mechanical government regulations and automatic social counter pressures established political and social stability; as Galileo and Newton had discovered certain laws of the universe that maintained its balance and equilibrium, political theorists...had discovered analogous social laws that could be implemented to create balance and stability out of the disorder and anarchy of human behavior.¹³⁶

Although the protection of individual rights was one of the cardinal values in Madison's politics, it was property rights, above all others, that must be secured:

Although the unmolested individual was a goal of Madison’s politics, the individual as political actor should be of minor import if the Madisonian system

¹³⁵ The Federalist No. 51, The Structure of the Government Must Furnish the Proper Checks and Balances Between the Different Departments, Independent Journal, Wednesday, February 6, 1788, James Madison: <http://www.constitution.org/fed/federa51.htm>

¹³⁶ Richard Matthews, *Men Were Angels*, pp. 22-23

functioned as designed. Individuals, while timid and reasonable when alone, join other individuals and form factions. Madison's primary political concern centered on the maintenance of social stability by the political and social control of factions....¹³⁷

Matthews gives us Madison's place in the political spectrum which is rather pre-democratic. Madison's main objective within the state government was in expanding a commercial republic. With these principles he more-than participated on drafting the government's fundamental charter, and ran the infant regime as an advisor to two presidents before becoming president himself for two terms (1809–1817). In retirement, Madison strove to control and manipulate historical interpretations of these efforts, says Matthews, adding, "From 'The Legislator' to chief executive to keeper of the past and controller of the future, Madison adjusted his political posture to suit the moment...just as Machiavelli's ideal Prince would have done. Madison's system achieved the stability he desired," but at a high price of the civil rights of US citizens.

Matthews' study revises our understanding of this central figure in US history. It illuminates his profound impact upon the nation imagined by the farmers, his ongoing influence on forming the US, and the tragedy of his success in foreclosing a possibility of more Jeffersonian US. One of the major steps Madison did to close the doors to Jeffersonian idealism and to open the door for Hamilton's exploitation of US people by business elites, was to put his signature on the second charter of the Bank of the United States. But, in fact, the US of Jefferson had begun to disappear even before Jefferson himself had retired from the presidential seat. Although Jefferson defeated Hamilton and the early Federalists in 1800, the energies of industrialism were irresistible, and began to work through the Republican party, giving the economic program of Hamilton a kindlier aspect and a more ingratiating vocabulary. Its most persuasive champion after the War of 1812 was Henry Clay of Kentucky, a former Jeffersonian Republican who reshaped it to appeal to the West, from which he had emerged as the first great political leader. He was arguing that industrialism could buy everything the farmers could raise. Henry Clay adored the Federalist program with all the fascination of his personality, the fire of his rhetoric and the daring of his political management. It acquired a broad emotional significance which the colder Hamilton had never succeeded in giving to it. No man in America had a greater gift for exciting intense personal enthusiasm than Clay. He made Federalism a living vision, replacing the dry logical prose of Hamilton with thrilling pictures of a glorious future. The wave of nationalism suggested a new and disarming name - the American System - and under Clay's care, this rebaptized Federalism slowly won its way to the inner councils of the government. However, the Constitution was adopted. What many US politicians seem to dismiss is that with the Constitution was also adopted the Bill of Rights.¹³⁸

¹³⁷ Ibid..

¹³⁸ Speaking of the Bill of Rights one can not overlook new laws radically limiting the civil liberties, passed after the terrorist attacks in 2001. The tragedy of 9/11 was truly hijacked to serve interests of certain business and other groups as AIPAC, but also to adopt new "big brother" laws as the Patriotic Act, leading America towards police state as professor Chossudovsky and others document by analyzing the new laws.

"The USA Patriotic Act of 2001 entitled "Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" as well as the "Domestic Security Enhancement Act of 2003," ("Patriotic Act II") create the conditions for the militarization of justice and police functions."

Is America Preparing for Martial Law? Michel Chossudovsky: <http://www.globalresearch.ca/articles/CHO504B.html>

But, the Bill of Rights has been under major deconstruction since the day of its passage. We all know its expressed liberties, but we have to understand the shakiness of anyone's liberty when entrusted to a government of the rich and powerful, whose interests are not in peoples' freedom but in their obedience. Let's see a few examples.

Democratic law:

The 1st Amendment guarantees freedom of speech. However, in the same year, the Bill of Rights was passed, 1798, such liberty already gets limited.

Antidemocratic law:

Sedition Act of 1798 presents a direct violation of free speech. It authorized the criminal prosecution of persons who wrote or spoke "falsehoods" about the government, Congress, the president, or the vice president. Public opposition to the act grew. The act expired in 1801, but not before it was used by President Adams to prosecute numerous public supporters of Jefferson, his challenger in the presidential election of 1800.

Democratic law:

The 14th Amendment passed after the Civil War was supposed to ensure equal protection under the law to all citizens with no distinction of color. But, in 1896, a Supreme Court decision meant the Constitutional upholding of racial segregation even in public accommodations (particularly railroads, schools, and hospitals), under the doctrine of "separate but equal". African-Americans were not allowed in the "white" institutions. This meant they had no access to medical schools, nor to the hospitals - they had no right to medical care.

Antidemocratic law:

On February 3, 1870 the Congress ratified the Fifteenth Amendment of the United States Constitution. It provides that no government in the United States may prevent a citizen from voting based on that citizen's race, color, or previous condition of servitude (slavery). There followed a "Neutralizing law" requiring voters to pass literacy tests.

By the 1890s, many southern states had rigorous "voter qualification laws", including literacy tests and poll taxes. Some states even made it difficult to find a place to register to vote.

The original House and Senate draft of the Fifteenth Amendment stated that the right to vote and to be a candidate would not be denied or abridged by the States based on race, color or creed. This was eventually omitted due to the desire among many Northern Republicans to leave their own laws limiting black participation in government intact. The amendment did not establish true universal male suffrage partly because Southern Republicans were afraid to undermine loyalty tests, which the Reconstruction state governments used to limit the influence of ex-Confederates.

Democratic law:

It was only in 1964, as the civil rights revolution reached its peak, that Congress and the states had to enact the 24th Amendment, forbidding any “poll-tax or other tax” in federal elections.

Antidemocratic law:

Yet, remarkably enough, this basic text went unmentioned by the Supreme Court when it in some states upheld a law requiring voters to have a photo-ID. A photo ID to vote requires documents, like a birth certificate, passport or driving license that verify identity. Getting these papers costs voters money as well as a lot of time and effort.

Neutralizing approved civil rights by further laws has deep roots in the history of the United States. Since I have chosen to challenge a relevance of the democratic structures in US society, I consider (after the Federal Reserve Act of 1913), setting up the United States Electoral College the most powerful “neutralizing law” in the US political system.

Democratic law:

The Eleventh Amendment, passed in 1804, allowed white men with no property to vote. Until then the president was elected by the wealthy Senators, but now all white men were supposedly given the right to choose the creator of the state’s policies.

Antidemocratic law:

The counter move of the law-makers was creation of the Electoral College system, something like a national convention, an indirect element in the process of electing the president. Such system is a relic of monarchies.

The 8th century Spanish Visigoth king Pelagius needed to be elected by his Visigoth nobles before becoming king of Asturias, Czech kings needed majority of the princes' votes, as did Pepin the Short that of the Frankish nobles in order to become the first Carolingian king. The Holy Roman Empire, and the King of the Romans, who would become Holy Roman Emperor, or, at least, Emperor-elect, was also selected by the college of prince-electors from the late Middle Ages until 1806 (the last election actually took place in 1792).¹³⁹

¹³⁹ Similar systems are used or have been used in other presidential elections around the world. For example, the short-lived Confederate States of America (1861-1865) provided for election of its president in virtually the same manner as set forth in the US Constitution. The President of Finland was elected by an electoral college between 1919 and 1987. In Germany and India, the members of the lower house of Parliament together with an equal number of members from the state parliaments elect the President of the Republic, while in Italy the presidential electoral college is composed of the members of both houses of Parliament and three members elected by each of the regional assemblies. Another type of Electoral College is used by the British Labour Party to choose its leader. The college consists of three equally weighted sections: the votes of Labour MPs and MEPs; the votes of affiliated trade unions and socialist societies; and the votes of individual members of Constituency Labour Parties. During Brazil's military rule period, the president was elected by an Electoral College constituting senators, deputies, state deputies, and lawmakers in the cities. The United States is the only current example of an indirectly-elected executive president, in the developed world, with an electoral college made up of electors. Nations which still use electors in their political system include Burundi, Estonia, India, France (for the Senate), Hong Kong, Kazakhstan, Madagascar, Nepal, Pakistan, and Trinidad and Tobago.

In the United States each state has a number of electors equivalent to its total Congressional representation, with the non-state, an autonomous city, the District of Columbia, receiving three electors. Presently, every state legislature chooses to allow its electors to be popularly chosen by a state-wide ballot for slates of electors, who have pledged themselves to support a particular Presidential candidate and a particular Vice Presidential candidate on the day set forth by federal law for that purpose (Election Day).

Federal law sets Election Day for federal offices on the first Tuesday following the first Monday in November. The electors pledged to a particular candidate are formally chosen in the popular election held on that day. That is, while many people believe they are voting for a particular candidate on Election Day in November, they are, in fact, casting their vote for that candidate's electors.

All states, with exception of Maine and Nebraska, employ the winner-takes-all method, awarding their Presidential Electors as an indivisible bloc. Usually states use what is termed the "short ballot", in which a vote for one party (such as Democratic or Republican) is interpreted as a vote for the entire slate of Presidential Electors. This means that all the other candidates of other parties are completely ignored, overlooked as if they never existed, and as if no one has ever voted for them. In fact many people do not even know that there actually are other parties than the Republican and the Democratic.

Because through this system of fraud in US elections, it was possible in 2000 that the Democratic candidate Al Gore, who received the majority of the popular vote, failed to win the majority of the Electoral College, and, thereby, lost the election. Therefore, the democratically elected president could not become the president.

The electors generally cast their votes for the winner of the popular vote in their states, but the Constitution does not require the electors to vote as pledged, it does only in 26 states, but there are fifty states plus the District of Columbia. And there is also the *superdelegate system*, which prevents the will of the people from being expressed already in the nomination process.

After the 1968 Democratic Party Convention in Chicago, at which there was a lot of violence and people were unhappy with the presidential nomination process, a reform commission was formed. For the 1972 election, the commission opened up the nomination process for the Democratic Party in an attempt to exorcise "back-room" deals to anoint a nominee. The commission wanted to guarantee that a nomination could never again be made of someone who no one had actually voted for.¹⁴⁰

David Sirota, author of *Hostile Takeover* and *The Uprising: An Unauthorized Tour of the Populist Revolt Scaring Wall Street and Washington*, explains how and why the superdelegate system was set up at the beginning of the 1970's:

¹⁴⁰ Hubert Humphrey didn't run in a single primary, and he was nominated at the convention to be the Democrats' nominee, and people were upset that he wasn't more vociferously against the war in Vietnam.

What ended up happening was George McGovern was nominated. And George McGovern went on to lose the 1972 election by a huge margin. And what ended up happening was, as I say in the book, is that this McGovern fable was created. The party elders, who did not like the fact that the process had been opened up, because it threatened their power, created this idea that the reason George McGovern lost was because he was nominated by the public's will. There was—he was chosen by the public, and they needed elders to pick a more “electable” candidate. And so, eventually, a “superdelegate” system was set up to reassert the power of the party elders. So in other words, the superdelegates literally exist specifically to prevent the will of the people from being expressed in the nomination process.¹⁴¹

Who are the superdelegates and who chooses them? Sirota explains:

They are party officials. They are elected politicians, oftentimes former elected politicians. What they do is—and I think it is about 40 percent of what you need as a presidential candidate to win the nomination are superdelegates, people who have more power, for instance, than the entire primary of New York and California, right? So you have, essentially, a group of people who may be elected inside the party structure, but have no obligation to the mass public's voting in these primaries.¹⁴²

The superdelegate system can be seen as yet another ruse, much like the Electoral College, through which people's votes are prevented from becoming effective. The people cannot choose their presidential candidate. The party's superdelegates chooses one for them. And if the people make a “wrong choice” while voting for the appointed candidate, the Electoral College makes sure, this discrepancy in the system will be corrected.

3.6. The Civil War (1861-1865)

In 1860, Abraham Lincoln won the national election without receiving a single electoral vote from any of the Southern states. This triggered the secession of the cotton states of the Deep South from the union and their formation into the Confederate States of America. The reason why Lincoln and the Republican Party did not receive any of the electoral votes from the South was simple. Lincoln opposed the expansion of slavery into the new territories owned by the United States. Seven of the Southern states declaring their secession from the Union even before Lincoln took office.

As I stressed above, the main dispute between the Federalists of the North and Anti-Federalists of the South, was the issue of the federal power over states' power. With the purchasing of the Louisiana Territory (in 1803 by Jefferson, discussed above) and the conquest of territories farther

¹⁴¹ “The Uprising: An Unauthorized Tour of the Populist Revolt Scaring Wall Street and Washington”

http://www.democracynow.org/2008/6/3/uprising_an_unauthorized_tour_of_the

¹⁴² Ibid

west (James Knox Polk annexed Texas in 1845, and further territory was taken after the Mexican war of 1846 through 1848), slavery became a crucial issue. Not because of the human rights questions involved, so much as because of the business interests of slave-holders and industrialists. As already discussed, the North needed free, cheap workers for their factories, and the South needed wage-free workers, whom they had capacity to take care of.

But there were more tensions beneath the surface in the South. There was also a conflict in the white Confederacy. Most whites—two-thirds of them—did not own slaves. A few thousand families made up the plantation elite. The Federal Census of 1850 showed that a thousand southern families at the top of the economy received about \$50 million a year income, while all the other families, about 660,000 of them, received around \$60 million a year.¹⁴³

Zinn speaks of the conditions in which the poor working class, in the South, lived:

Millions of southern whites were poor farmers, living in shacks or abandoned outhouses, cultivating land so bad the plantation owners had abandoned it. Just before the Civil War, in Jackson, Mississippi, slaves working in a cotton factory received twenty cents a day for board, and white workers at the same factory received thirty cents. A newspaper in North Carolina in August 1855 spoke of “hundreds of thousands of working class families existing upon half-starvation from year to year.”¹⁴⁴

However, US history textbooks reduce the issue of the Civil War to the simple formula “the South was for slavery and the North was against slavery.”

The South was dominated by a settled plantation system based on slavery, with rapid growth taking place in the Southwest, such as Texas, based on high birth rates and low immigration from Europe. There were few cities or towns, and little manufacturing except in border areas. Slave owners controlled politics and economics. Most of the Southern whites owned no slaves and usually were engaged in subsistence agriculture. Nevertheless, support for slavery came from all segments of southern society.

Overall, the Northern population was growing much more quickly than the Southern population, which made it increasingly difficult for the South to continue to control the national government. Southerners were worried about the relative political decline of their region because the North was growing much faster not only in terms of population but also in terms of industrial output. States' rights and the tariff issue became entangled in the slavery issue, and were intensified by it. Other factors were party politics and expansionism. However, the central issue of the Civil War was the issue of “nullification”—a state’s right to ignore federal law.

In the interest of maintaining unity, most Northern politicians only moderately opposed slavery, resulting in numerous compromises such as the Missouri Compromise of 1820. After the

¹⁴³ H. Zinn, *People’s History of the United States*, p. 236

¹⁴⁴ *Ibid* p. 236

Mexican-American War (1846-1848),¹⁴⁵ the issue of slavery in the new territories led to the Compromise of 1850. While the compromise averted an immediate political crisis, it did not permanently resolve the issue of Slave power—the power of slaveholders to control the national government.

We can also see capital beginning to concentrate in the hands of small commercial groups, leading to the cartels, trusts, and monopolies of the late nineteenth century, and the corporate descendants of which, today, control what gets called a “free market”. As I mentioned, the leading argument which led to the Civil War was not that of slavery as a moral issue, but that of what should be the accepted legal method by which labor was to be exploited.

In the East, mill owners had become powerful and organized. By 1850, fifteen Boston families called the “*Associates*” controlled 20 percent of the cotton spindle in the United States, 39 percent of insurance capital in Massachusetts, 40 percent of banking resources in Boston. In the schoolbooks, those years are filled with the controversy over slavery, but on the eve of the Civil War it was money and profit, not the movement against slavery, that was uppermost in the priorities of the men who ran the country.¹⁴⁶

Amid the emergence of increasingly virulent and hostile sectional ideologies in national politics, the collapse of the old Second Party System in the 1850s hampered efforts of the politicians to reach yet one more compromise. The compromise that was reached (the Kansas-Nebraska Act) outraged too many northerners.¹⁴⁷ In the 1850s, with the rise of the Republican Party, the first major party with no appeal in the South, the industrializing North and agrarian Midwest became committed to the economic ethos of free-labor industrial capitalism.

African-American sociologist W. E. B. Du Bois saw the consequences of this politics to be crucial not only for poor blacks but to poor whites as well. In his book *Black Reconstruction*, written in 1935 he said:

God wept; but that mattered little to an unbelieving age; what mattered most was the world wept and still is weeping and blind with tears and blood. For there began to rise in America in 1876 a new capitalism and a new enslavement of labor.¹⁴⁸

¹⁴⁵ The poet Walt Whitman wrote in the Brooklyn *Eagle* in the early days of the war: “Yes: Mexico must be thoroughly chastised! ... Let our arms now be carried with a spirit which shall teach the world that , while we are not forward for a quarrel, America knows how to crush, as well as how to expand!”

H. Zinn, *People’s History of the United States*, p. 154

General Grant said: “We paid for Mexico, with the Civil War.”

¹⁴⁶ Howard Zinn, *The People’s History of the United States*, p. 236

¹⁴⁷ The Kansas-Nebraska Act of 1854 created the territories of Kansas and Nebraska, opened new lands, repealed the Missouri Compromise of 1820, and allowed the settlers to decide whether or not to have slavery within those territories. The initial purpose of the Kansas-Nebraska Act was to create opportunities for a Mideastern Transcontinental Railroad. It was not problematic until popular sovereignty was written into the proposal.

¹⁴⁸ H. Zinn, *The People’s History of the United States*, p. 210

Zinn explains Du Bois' view of social and commercial reality as that of a "new capitalism" in which part of the process of exploitation and bribery is taking place in all the "civilized" countries of the world." Zinn cites Du Bois further:

Home labor in cultured lands, appeased and misled by a ballot whose power the dictatorship of vast capital strictly curtailed, was bribed by high wage and political office to unite in an exploitation of white, yellow, brown and black labor, in lesser lands....¹⁴⁹

Du Bois and Zinn are basically talking of the seeds and fruits of globalization, emphasizing the growth of US capitalism, before and after the Civil War, when whites as well as blacks were becoming slaves of capital under new terms.

¹⁴⁹ Ibid

4. Economic Bases of the Political Power in the US

4.1. Power of Issuing Currency

Benjamin Franklin speaking of those who mattered, namely, white settlers, said:

When money in the colonies was issued by the nation and not by the private bankers from The Bank of England, there was abundance. Peace was reigning on every border. It was difficult to find a more prosperous nation on all the surface of the globe. We have no poor houses in the Colonies; and if we had some, there would be nobody to put in them, since there is, in the Colonies, not a single unemployed person, neither beggars nor tramps.¹⁵⁰

This statement was very disturbing to his friends in old England since the English poor houses and jails were at the time overcrowded. In fact, they were so crowded that England started shipping these poor people, who could no longer pay their debts, to the overseas English Colonies.

In 1763 during his trip to England, Franklin was asked how he could explain the remarkable prosperity of the New England Colonies. He replied:

That is simple. In the colonies we issue our own money. It is called Colonial Scrip. We issue it in proper proportion to the demands of trade and industry to make the products pass easily from the producers to the consumers. In this manner, creating for ourselves our own paper money, we control its purchasing power, and we have no interest to pay to no one.¹⁵¹

Congressman Charles G. Binderup of Nebraska wrote: “America had learned that the people's confidence in the currency was all they needed, and they could be free of borrowing debts. That would mean being free of the Bank of England.”

The Remarkable English historian, John Twells, wrote, speaking of the money of the Colonies, the Colonial Scrip:

It was the monetary system under which America's Colonies flourished to such an extent that Edmund Burke was able to write about them: “Nothing in the history of the world resembles their progress. It was a sound and beneficial system...”¹⁵²

But the world's most powerful private bankers, those of England, could not ignore such financial disobedience. These private bankers worked their influence on the British parliament to press for the passing of the *Currency Act of 1764*. This act made it illegal for the colonies to print their

¹⁵⁰ Congressman Charles G. Binderup, AMERICA CREATED ITS OWN MONEY IN 1750, How Benjamin Franklin Made New England Prosperous: <http://reactor-core.org/america-created-money.html>

¹⁵¹ Ibid.

¹⁵² Ibid.

own money, and forced them to pay all future taxes to Britain in silver or gold. After England forced this law Benjamin Franklin said:

In one year, the conditions were so reversed that the era of prosperity ended, and a depression set in, to such an extent that the streets of the Colonies were filled with unemployed.¹⁵³

He also claimed, that the *Currency Act* was the primary cause of the War of Independence:

The colonies would gladly have borne the little tax on tea and other matters had it not been that England took away from the colonies their money, which created unemployment and dissatisfaction. The inability of the colonists to get power to issue their own money permanently out of the hands of George III and the international bankers was the prime reason for the Revolutionary War.¹⁵⁴

The idea of issuing money as Franklin puts it “in proper proportion to the demands of trade and industry and not charging any interest, was not causing any problems or inflation.” This unfortunately was alien to the Bank of England which only issued money for the sake of making a profit for its shareholders. Statesmen such as John Adams, Thomas Jefferson, Andrew Jackson and many others also shared this point of view. They were also realizing what a disaster it would be for an independent government if a private institution was given such powers as the Bank of England enjoyed.

Former Congressman Charles G. Binderup was one of the few in Congress who was aware of these roots in the money issuance conflict. However this issue dominated Jackson’s presidency and was crucial for the future of the United States. But, it has been successfully erased from the textbooks of US history. In 1941, Congressman Binderup tried to remind Congress of this crucial history:

Today, in America as well as in Europe, we are under the regime of the Script of the Bankers instead of the script of the nation. Hence the public debts, everlasting interest charges, taxes that plunder purchasing power, with the only result being a consolidation of the financial dictatorship. There is only one cure for America’s ultimate financial collapse and that is for Congress to exercise Clause 30 of the “Federal” Reserve Act, buy the outstanding shares of stock, shut down this unconstitutional system and sell off their assets to reimburse the people of this nation for this unspeakable theft of their wealth.¹⁵⁵

¹⁵³ Ibid.

¹⁵⁴ Ibid.

¹⁵⁵ How Benjamin Franklin Made New England Prosperous:

<http://21stcenturycicero.wordpress.com/fraud/how-benjamin-franklin-made-new-england-prosperous/>

Today America, and on behalf of the dollar, the rest of the world, is facing financial crises which can, and probably will, bring many nations back to the year of 1929, and maybe worse.

Republican Congressman and a presidential candidate, Ron Paul, is aware of the fundamental enemy within the borders of the United States, and is stressing this issue in his campaign. But the time Congressman Paul was given by the mass media, compared to the time the media spend on Hillary Clinton and Barack Obama, is no time, but his message resonates among a wide audience on the internet, where he attracts more attention than any other presidential candidate. □ Mass media ignoring his popularity provide more proof of undemocratic political culture in the US.

The banks played a central role in developing capitalism in the US. In 1836 the charter of the Second Bank of the United States was about to expire. This institution was not in the modern sense a national bank. It was a banking corporation, privately controlled, but possessing unique and highly profitable relations with the government. The government had subscribed one-fifth to its capital.¹⁵⁶ But the chartered banks enjoyed the exclusive and highly profitable privilege of issuing paper money.

Arthur Schlesinger, Jr.¹⁵⁷ describes the privileges of The Bank of the United States in practice:

It served as repository of the public funds, which it could use for its own banking purposes without payment of interest. It could issue bank notes up to the physical ability of the president and cashier to sign them.¹⁵⁸

After 1827 it evaded this limitation by the invention of “branch drafts” which looked and circulated like notes but were actually bills of exchange. The Bank was not to be taxed by the states and no similar institution was to be chartered by Congress. In return for these privileges the Bank paid a bonus, transferred public funds and made public payments without charge, and allowed the government to appoint five out of the twenty-five directors. The Secretary of the Treasury could remove the government deposits provided he laid the reasons before Congress. Even advocates of the bank conceded that this charter bestowed too much power. Alexander Hamilton had written that:

...such a bank is not a mere matter of private property, but a political machine of the greatest importance to the State.¹⁵⁹

He saw The Second Bank of the United States as a keystone in the alliance between the government and the business community. But the business community did not care for an alliance. It was seeking independence and, thereby, absolute control over the money supply. Thomas Hart Benton, a Senator from Missouri (1821-1851), and the first member of that body to serve five terms,¹⁶⁰ launched a comprehensive appraisal of the Second Bank on February 2, 1831 in which he said:

First: Mr. President, I object to the renewal of the charter...because I look upon the bank as an institution too great and powerful to be tolerated in a Government of free and equal laws....

¹⁵⁶ Arthur M. Schlesinger, *The Jackson Age*, 45

¹⁵⁷ A. M. Schlesinger - Pulitzer Prize recipient, American historian and social critic whose work explored the liberalism of American political leaders including Franklin D. Roosevelt, John F. Kennedy, and Robert F. Kennedy

¹⁵⁸ Arthur M. Schlesinger, *The Jackson Age*, 45

¹⁵⁹ To the Speaker of the House of Representatives, 1790: REPORT ON A NATIONAL BANK by Alexander Hamilton, 1790 Printed in the *Executive Intelligence Review*, January, 1992:

http://american_almanac.tripod.com/hambank.htm

¹⁶⁰ Benton was also an architect and champion of westward expansion by the United States, a cause that became known as Manifest Destiny.

Secondly, I object...because its tendencies are dangerous and pernicious to the Government and the people.... It tends to aggravate the inequality of fortunes; to make the rich richer, and the poor poorer; to multiply nabobs and paupers....

Thirdly, I object...on account of the exclusive privileges, and anti-republican monopoly, which it gives to the stockholders.¹⁶¹

Soon after Van Buren became president, a severe economic depression swept across the nation. The Panic of 1837 was a worldwide depression, but it was particularly sharp in the United States because the nation had been involved in rapid economic expansion for the past several years. Production ground to a halt; hundreds of companies went bankrupt; factories closed down; unemployment rose rapidly. In May 1837, New York banks suspended specie (gold and silver) payments on their bank notes because they did not have enough specie in reserve to cover all the notes that panicked investors were trying to cash in. Almost immediately other banks across the country did the same. Many state governments also felt the full impact of the panic because, having invested heavily in canal and railroad projects, they were forced to default on their financial obligations.

In Van Buren's mind, the depression was caused by unrestrained issuing of credit by state banks that had received federal funds when President Jackson transferred funds out of the Bank of the United States. His proposed solution was to “divorce” federal funds from state banking. He asked Congress to establish a sub-treasury, or independent treasury system, by which the government would build its own vaults or sub-treasuries in the leading cities around the country and deposit its revenues in these vaults, where they would be stored until needed. This so-called divorce would eliminate problems created by the use of federal money by state banks. After a prolonged congressional debate, which went on year after year and which caused many conservative Democrats to desert to the Whigs, the law establishing the Independent Treasury System was passed by Congress on July 4, 1840. The Independent Treasury allowed the federal government to control its own money. But, just a year later, Henry Clay, on behalf of the Whig party, introduced legislation to abolish the Independent Treasury in hopes of replacing the national banking system with a Federal Bank. The Independent Treasury Act was repealed leaving the national government without a banking system for the next 5 years. The Secretary of the Treasury deposited the government's money into state banks.

Amos Kendall a US politician, who served as US Postmaster General under Andrew Jackson and Martin Van Buren, made one of his rare public speeches to the Central Hickory club:

In all civilized as well as barbarous countries a few rich and intelligent men have built up Nobility Systems; by which, under some name, and by some contrivance, the few are enabled to live upon the labor of the many. These ruling classes, he said, have had many names – kings, lords, priests, landholders, but all are founded on deception, and maintained by power. The people are persuaded to permit their introduction, under the plea of public good and public necessity. As soon as they are firmly established, they turn upon the people, tax and control them by the

¹⁶¹ Arthur M. Schlesinger, *The Age of Jackson*, p. 48

influence of monopolies, the declamation of priest craft and government-craft, and in the last resort by military force.¹⁶²

Was the US immune from this universal pattern?

Kendall continues to describe the power structure in the United States:

The United States have their young Nobility System. Its head is the Bank of the United States; its right arm, a protecting Tariff and Manufacturing Monopolies; its left, growing State debts and State incorporations.¹⁶³

In a heated discussion with Van Buren,¹⁶⁴ Amos Kendall, rising from his seat in excitement, warned that a Bank victory in 1836 was certain unless it were stripped of the power it gained from managing the public money:

I can live under a corrupt despotism, as well as any other man, by keeping out of its way, which I shall certainly do.¹⁶⁵

In September 1873, a flood of paper money sank the Nation into a depression that lasted 5 years. Two years later, the Specie Resumption Act allowed legal tender to be exchanged for gold. When the Act went into effect in 1879, the nation started to revive from the 1873 depression. And the bankers could begin to count the nation's debt again.

In 1907, the country again went into a depression because of paper currency. This time it was J. P. Morgan who bailed out the nation from a major crisis by lending the government \$100 million dollars in gold, so he could keep enslaving the economy, and tie the government down even tighter. To save the system of monopoly banking, *J. P. Morgan Chase* and the Fed did it again in March of this year, 2008.¹⁶⁶

¹⁶² Ibid., p. 5

¹⁶³ Ibid.

¹⁶⁴ Martin Van Buren was the eighth President of the United States from 1837 to 1841. Before his presidency, he served as the eighth Vice President (1833-1837) and the 10th Secretary of State under Andrew Jackson. He was a key organizer of the Democratic Party, a dominant figure in the Second Party System, and the first president to be born an American citizen. Martin Van Buren, Online Encyclopedia 2007: http://encarta.msn.com/text_761563705_1/martin_van_buren.html He was one of the first in the nation to introduce bills against imprisonment for debt. He spent his brief term as Governor mainly in an attack on the banking problem, proposing to protect the public and more particularly the laboring classes from losses through the reckless issue of paper money and, at the same time, to move toward the abolition of the state banking monopoly. As early as 1817, he had recommended a law to end the system of special charters and throw banking open to general competition, but this measure was ahead of its time. The chief result of his three-month term was the so-called safety-fund plan. Since the chartered banks enjoyed the exclusive and highly profitable privilege of issuing paper money, the statute sought to guarantee the soundness of their currency by requiring each institution to contribute a proportion of its capital to a general fund, which could be drawn upon to redeem the notes of any bank becoming insolvent. A board of commissioners was to supervise banking operations. Though essentially a stopgap system, the safety-fund plan brought banks much more under state control and distinctly improved the conditions of the currency.

Arthur M. Schlesinger, *The Age of Jackson*, page 37

¹⁶⁵ Arthur M. Schlesinger, *The Age of Jackson*, page 58

¹⁶⁶ When they bailed out another private bank, *Bear Stearns*. □ JP Morgan agreed to pay 236 million dollars, but shortly after the deal was announced, the Federal Reserve confirmed that in a complex package of debt securitization agreements, they were underwriting the deal for around 30 billion dollars.

In 1913, after many years of fighting,¹⁶⁷ the bankers finally defeated the politicians, but, more crucially, they defeated the public. A government-issued bond system was replaced with a central bank, which was to hold the national economy in its private hands. Centralized banking was met with much opposition and suspicion over who was really in charge of it. It was Nelson Aldrich, who led the Congress to the final surrender of the public money to the private bankers. He was the chief of the bipartisan National Monetary Commission, a financial expert and Senate Republican leader. But he also had close ties to wealthy bankers such as J. P. Morgan. His daughter was married to John D. Rockefeller, Jr.

Aldrich succeeded in providing the private bankers with a system under which the government totally lost control over the economy. This law, so crucial to the future of all US citizens, was passed over the Christmas holiday of 1913 when there was almost nobody in Congress.

It was President Woodrow Wilson who got the few who were in Congress to pass the *Owen-Glass Federal Reserve Act* on December 23, 1913. He took a plan that had been designed by bankers themselves, presented by conservative Republicans—led by Aldrich and the banker Paul M. Warburg. This Act marks a major turning point in the US history. The US government and the public lost all the control over the future of its economy. The policymakers handed the reins over the ‘crisis cycle’ to the private bankers. But the cycle of debt bursting has been over loaded for too many years now. The US economy is now practically out of control. The debt in the consumer sector—credit card and mortgage debt—alone is, today, an extraordinary 340 percent of the US GDP! The last time private debt was so huge was in 1920’s, early 1930’s. Public debt is also massive. Public and private debt in the US has gone up seven hundred percent since the early 1980’s. There is basically fifty trillion dollar worth of credit market debt.¹⁶⁸

The evolution of the Bank of the United States was completed with the signing of the *Federal Reserve Act of 1913*. This document played a key role in consolidating the power of private business over the entire nation and enabling the US to take a dominant position in the international financial markets. Kendall and many Jacksonian, Jeffersonians and other politicians and economists saw the evils of such power concentrated in the hands of a few private bankers, and fought it vigorously.

However, the power of Fed today lays in the hands of international bankers and their absolute control over the US currency supply.

¹⁶⁷ Presidents Lincoln, Jackson, and Kennedy tried to stop this family of bankers by printing US dollars without charging the taxpayers interest. Today, if the government runs a deficit the FED prints dollars, buys the debt, and the dollars are circulated into the economy. Forty percent (40%) of American personal federal income taxes goes to pay this interest. This is what bankers wanted Lincoln to do to finance the Civil War. Lincoln said no. He printed Greenbacks (from nothing with no interest or debt attached). Upon Lincoln’s death, the Greenbacks were traded in for government debt (interest charged). Foreign bankers bought the debt with money they have printed from nothing and receive interest at taxpayer’s expense:

http://www.totse.com/en/politics/international_banking_money_laundering/fedbank.html

¹⁶⁸ Bad Money: Reckless Finance, Failed Politics, and the Global Crisis of American Capitalism
http://www.democracynow.org/2008/5/6/bad_money_reckless_finance_failed_politics

4.2. Demoralizing Effect; Monopolizing Spirit of Rapacious Capitalism

One of the most outspoken critics of the economic system during the Jacksonian age in the United States was William Leggett. Leggett is best known as an unflinching advocate of laissez-faire trade policy, and a leader of the *Locofocos*.¹⁶⁹ The Locofocos were a radical faction of the Democratic Party that existed from 1835 until the mid-1840s. The faction was originally named the *Equal Rights Party*, and was created in New York City as a protest against that city's regular Democratic organization ("Tammany Hall"). It contained a mixture of anti-Tammany Democrats and labor union veterans of the *Working Men's Party*. They were vigorous advocates of laissez-faire and opponents of monopoly. William Leggett was their leading intellectual, an editorial writer. He described the view of Locofocos in a very straightforward way:

We look upon that system as wrong in two of its leading principles:

first, we object to it as founded on a species of monopoly; and secondly, as supplying a circulating medium which rests on a basis liable to all the fluctuations and contingencies of commerce and trade—a basis which may at any time be swept away by a thousand casualties of business, and leave not a wreck behind. ...Our primary ground of opposition to banks as they at present exist is that they are a species of monopoly. All corporations are liable to the objection that whatever powers or privileges are given to them, are so much taken from the government of the people. Though a state legislature may possess a constitutional right to create bank incorporations, yet it seems very clear to our apprehension that the doing so is an invasion of the grand republican principle of Equal Rights—a principle which lies at the bottom of our constitution, and which, in truth, is the corner-stone both of our national government, and that of each particular state. Let us trace the progress of a new banking institution. Let us imagine a knot of speculators to have possessed themselves, by certain acts of collusion, bribery, and political management, of a bank charter; and let us suppose them commencing operations under their corporate privileges. They begin by lending their capital.... Governments have no right to interfere with the pursuits of individuals, as guaranteed by those general laws, by offering encouragements and granting privileges to any particular class of industry, or any select bodies of men, inasmuch as all classes of industry and all men are equally important to the general welfare, and equally entitled to protection.¹⁷⁰

¹⁶⁹The term "Locofoco" comes from Spanish for matches, or "loco focos" ("crazy lights"), a new invention. It originated when a group of New York Jacksonians used these matches and candles when a conservative group tried to break up a meeting by turning off the gaslights.

Cartoon celebrating 1840 defeat of LocofocoismIn the 1840 election, the term "Locofoco" was applied to the entire Democratic Party by its Whig opponents, both because Democratic President Martin Van Buren had incorporated many Locofoco ideas into his economic policy, and because Whigs considered the term to be derogatory.

In general, Locofocos supported Andrew Jackson and Van Buren, and were for free trade, greater circulation of specie, legal protections for labor unions and against paper money, financial speculation, and state banks.

¹⁷⁰ Leggett, Democratic Editorials: Essays in Jacksonian Economy, Monopoly Banking System, p. 74-83

Leggett's political opinions proved highly controversial. He was a Jacksonian Democrat, but he often attacked fellow Jackson supporters for failing to carry their egalitarian principles far enough. He also became an outspoken opponent of slavery.

Leggett's editorials have been collected and published under the title of *Democratick Editorials: Essays in Jacksonian Political Economy*. In contrast to Tocqueville's rather idealistic views of the US (see above), Leggett's patriotism does not prevent him from writing a realistic and very critical study of the US democratic experiment. Leggett discusses central issues as reflected in the titles of various of his editorials such as "Slavery," "The Reserved Rights of the People," "True Functions of Government," "The Morals of Politics," "The Value of Money," "The Safety Fund Bubble," "The Credit System and the Aristocracy," "Bank and State," and "The Crisis." In the editorial titled "The Despotism of the Majority," he says:

The two most prominent instances which the world now presents of these different classes of despotism, is that of a single tyrant in Russia (meaning Tsar), and that of a multitudinous tyrant in America. The intolerance, the bitter, persecuting intolerance, often displayed by a majority in this country, on questions of stirring political interest, towards the rights and feelings of the minority, has come to be a subject of comment by enlightened minds in Europe, that are eagerly watching the results of our great democratic experiment, and drawing arguments in favor of aristocratic government from every imperfection we exhibit.¹⁷¹

In the editorial which he called "Rich and Poor," he speaks of no differences between the feudal barons of Europe and the nobility in the US:

The scrip nobility of this Republic have adopted towards the free people of this Republic the same language which the Feudal Barons and the despot which contested with them the power of oppressing the people, used towards their serfs and villains, as they were opprobriously called. These would-be lordlings of the Paper Dynasty, cannot or will not perceive, that there is some difference in the situation and feelings of the people of the United States, and those of the despotic governments of Europe. They forget that at this moment our people, we mean emphatically the class which labours with its own hands, is in possession of a greater portion of the property and intelligence of this country, ay, ten times over, than all the creatures of the paper credit system put together.¹⁷²

Leggett had suffered poor health since contracting yellow fever in the navy. He died in 1839, at the age of thirty eight, just before he was due to begin serving as the US Ambassador to Guatemala under Martin Van Buren.¹⁷³

Jeffrey Skladsky,¹⁷⁴ wrote a short study, *The Melodrama of Panic: William Leggett and the Literary Logic of Jacksonian Political Economy*, in which he writes:

¹⁷¹ Ibid., p. 49

¹⁷² William Leggett, *Democratic Editorials: Essays in Jacksonian Economy*, pg. 246

¹⁷³ William Leggett life: http://en.wikipedia.org/wiki/William_Leggett_%28USA%29

Three days after the New York banks suspended redemption of their notes in May 1837, Leggett wrote: “Let the banks perish! Let the monopolists be swept from the board!” he declared in his new weekly newspaper, *The Plaindealer*. “Let the whole brood of privileged money-changers give place to the hardy offsprings of commercial freedom, who ask for no protection but equal laws, and no exemption from the shocks of boundless competition. Three months later, as tens of thousands of New Yorkers were thrown out of work and banks failed across the country, Leggett exulted that the collapse had finally exposed Wall Street and Pearl Street for what they were.

Skladsky quotes Leggett further:

These bankers now stand before the world, by their own confession, as a crew of swindling pirates, who have been preying on the property of the community. They threw open their vaults, where they led the public to believe that they had abundant resources of hidden treasure, but not an ounce of silver or gold is there.¹⁷⁵

Leggett’s words, in 1837, are arguments which apply today as US financial markets are under the threat of destruction. Since the development of the global financial markets, the stakes are much higher than those in 1837, not only for the US population, but for the world. In the mid-19th century Leggett described the central issues of today’s financial crises. However, today’s crises have a much wider financial scope. They include not just banks but also credit markets created by the banks with their fictional currency, backed by nothing, a fictional worth, which is responsible for the bursting of the US housing bubble.¹⁷⁶

Leggett zealously opposed the power of financiers and the volatile system of paper currency and credit, over which they presided. His ideas gained a wide following amid the panic and the depression soon to follow.

Unfortunately neither the *Plaindealer* nor the workingmen’s movement survived the panic of 1837; Leggett himself lived only shortly longer. As mentioned, Leggett had suffered poor health and died just two years later. But his advocacy of general incorporation laws and the “separation

¹⁷⁴ Skladsky is a professor of history at Oregon State University.

¹⁷⁵ Jeffrey Skladsky, *The Melodrama of Panic: William Leggett and the Literary Logic of Jacksonian Political Economy*: <http://www.librarycompany.org/Economics/2007Conference/sklansky.pdf>

¹⁷⁶ The United States housing bubble is the economic bubble in many parts of the US housing market that began roughly in 2001 following the burst of the Dot-com bubble, and especially occurred in populous areas such as California, Florida, New York, Michigan, and suburbs of big cities. It reached its peak in 2005 and then plateaued, and started deflating in 2006 and accelerated since. Greatly increased foreclosure rates in 2006–2007 by US homeowners unable to pay their mortgages caused a crisis in August 2007 for the subprime, Alt-A, CDO, CDX, mortgage, credit, hedge fund, and foreign bank markets.

Hedge fund - is a private investment fund that charges a performance fee and is typically open to only a limited range of qualified investors. Hedge fund activity in the public securities markets has grown substantially as it constitutes approximately 30% of all US fixed-income security transactions, 55% of US activity in derivatives with investment-grade ratings, 55% of the trading volume for emerging-market bonds, as well as 30% of equity trades. Hedge Funds dominate certain specialty markets such as trading in derivatives with high-yield ratings, and distressed debt.

of Bank and State” became Democratic orthodoxy, and a mode of plebeian polemic taken up by New Yorkers, especially by Walt Whitman.¹⁷⁷

Leggett saw the banking system of United States as very demoralizing. Its effect, he argued, was to be seen on the whole of society. In his opinion, the banks obtained their charters by practices of the most outrageous corruption, by bribery and intrigue. They exercise over the community the most unsalutary influence, encouraging men of business to transcend the proper limits of credit, and fostering a general and feverish thirst for wealth, prompting the mind to seek it by other than the legitimate means of honest, patient industry, and prudent enterprise.¹⁷⁸ He also claims that before the banks were chartered to enjoy special privileges from the government, fraud in business was as rare as honesty became later. Leggett explains that before, bankruptcy excited the sympathy of the whole community for misfortune. “Today’s bankrupt banks,” he says,

do not represent honest misfortunes but expected insolvency has become a matter of daily occurrence. The new banking system, (which had been reinforced with the central banks)...has changed the meaning of words, it has altered the sense of things; it has revolutionized our ethical notions. Formerly, if a man ventured far beyond his depth in business — if he borrowed vast sums of money to hazard them in doubtful enterprises —...such a man was called rash and dishonest, but we now speak of him as enterprising and ingenious. The man whose ill-planned speculations miscarry — whose airy castle of credit is suddenly overturned, burying hundreds of industrious mechanics and labourers under its ruins — such a man would once have been executed; he is now pitied; while our censure and contempt is transferred to those who are the victims of his fraudulent schemes.¹⁷⁹

Leggett was very angry with the situation in which he found himself and his fellow citizens, and he knew what was to blame: the privileged monopoly system under which the public suffered and still does. His words were up to date in 1837, and still are today, nearly two-hundred years later.

Even now, how completely we are monopoly-governed! How completely we are hemmed in on every side, how we are cabined, cribb’d, confined, by exclusive privileges! Not a road can be opened, not a bridge can be built, not a canal can be dug, but a charter of exclusive privileges must be granted for the purpose. The sum and substance of our whole legislation is the granting of monopolies. The bargaining and trucking away chartered privileges is the whole business of our law makers. The people of this great state fondly imagine that they govern themselves; but they do not!¹⁸⁰

Leggett sees all business as fastened down by the law makers and effectual fetters of banking institutions. Only the privileged get to enjoy the free market. Business, he stresses, “is governed

¹⁷⁷ Walt Whitman was a poet, essayist, journalist, and humanist, who, according to Skladsky, looked to Leggett as a mentor and professor.

¹⁷⁸ William Leggett, Democratic Editorials, Essays in Jacksonian Economy, pp. 79-185

¹⁷⁹ Ibid.

¹⁸⁰ Ibid.

by bank directors, bank stockholders, and bank minions.” He defines the monopoly of banking influence as the power of a Legion, joined by a host of associate and subordinate agents, the other incorporated companies, depending on bank assistance for their means of operation. These evil influences are scattered throughout US society, in every quarter of the state, he notes. But mainly, he argues, “they give the tone to our meetings; they name our candidates for the legislature; they secure their election; they control them when elected.”¹⁸¹

“What then is the remedy for the evil?” Leggett asks. “Do away with our bad bank system; repeal our unjust, unsalutary, undemocratic restraining law; and establish, in its stead, some law, the sole object of which shall be to provide the community with security against fraud.”¹⁸² Leggett addresses the banking system as an aristocratic institution, with a central role in the nation’s everyday life, and predicts the future, if it was to stay that way:

It is in direct opposition to the spirit of our constitution and the genius of the people. It is silently, but rapidly, undermining our institutions; it falsifies our grand boast of political equality; it is building up a privileged order, who, at no distant day, unless the whole system be changed, will rise in triumph on the ruins of democracy.¹⁸³

We hope, indeed, to see the day when banking, like any other mercantile business will be left to regulate itself; when the principles of free trade will be perceived to have as much relation to currency as to commerce; when the maxim of 'let us alone' will be acknowledged to be better, infinitely better, than all this political quackery of ignorant legislators, instigated by the grasping, *monopolizing spirit of rapacious capitalists*.¹⁸⁴

Leggett understood that the real value was in the workers' labor and that the workers and small businesses were being exploited under the rules of monopolizing capitalism, where only the richest get to make the rules, and, therefore, only they can win the market competition. The US elite was building up what is called ‘the iron law of oligarchy’, and Leggett saw it.¹⁸⁵ In his editorial “The Inequality of Human Conditions,” Leggett compares the abuse of power by the government and the business elites in the US to that of England of 16th century, as indirectly described in Thomas More's *Utopia*. Leggett cites More speaking of the government which is both, he says, “unjust and ungrateful, that is prodigal of its favors to those who are goldsmiths and bankers, and such others as are idle...and, on the other hand, takes no care of those of a meaner sort, such as ploughmen, colliers, and smiths, without whom it could not subsist.” Then he continues describing the inequality of human conditions by saying “that after taking all the advantage of the workers services,” meaning when they come to be oppressed with age and

¹⁸¹ Ibid.

¹⁸² Ibid.

¹⁸³ Ibid.

¹⁸⁴ William Leggett, Democratic Editorials, Essays in Jacksonian Economy, pg. 81

¹⁸⁵ Some authors, such as Vilfredo Pareto, Gaetano Mosca, Thomas R. Dye, and Robert Michels, believe that any political system eventually evolves into an oligarchy. This theory is called the "iron law of oligarchy". According to this school of thought, modern democracies should be considered as elected oligarchies. In these systems, actual differences between viable political rivals are small, the oligarchic elite impose strict limits on what constitutes an 'acceptable' and 'respectable' political position, and politicians' careers depend heavily on unelected economic and media elites. The historian Spencer R. Weart in his book *Never at War* argues that oligarchies rarely make war with one another.

sickness, then, all their labors, “all the good they have done, is forgotten; and all the recompense given them is that they are left to die in great misery.” He also points out the unjust rewarding labor get for their work, which is supported even by the law. So, not only are people past their productive lives left with nothing to fall back on, but so are the people who are still working. “The richer sort are often endeavoring to bring the hire of laborers lower, not only by their fraudulent practices, but by the laws which they procure to be made to that effect; so that, though it is a thing most unjust in itself to give such small rewards to those who deserve so well of the public, yet they have given those hard ships the name and color of justice, by procuring laws to be made for regulating them.”¹⁸⁶ Leggett then reacts to More's description of the working conditions and the political machinery under which injustice is made legal by saying:

Who, that knows anything of our legislative, can read this passage, without perceiving that it applies as strongly to the condition of things among ourselves, as if it had been written purposely to describe them, and not those which existed in England three centuries ago? Our government, like that against which the complaint was urged, is prodigal of favors to bankers and others, who choose to live in idleness by their wits rather than earn an honest livelihood by the useful employment of their faculties; and like that, it makes no laws conferring privileges and immunities on the “common people,” who look to their industry for their support. The farmers, the laborers, the mechanics, and the shopkeepers, have no charters bestowed upon them; but the only notice they receive from the law is to forbid them, under heavy penalties, from interfering with the exclusive rights granted to the privileged few.¹⁸⁷

Thomas More, William Leggett and others basically described life and work conditions of ordinary people in states ruled in the interest of capital, the overriding priority of which is maximizing profit at minimal cost. Only a few years later, through analysis of the commodity, the nature of capitalism found its theoretical model in the work of Karl Marx.

Tragically, for democracy, for US citizens, and for world citizens, the hope of Locofocos was definitely made impossible by chartering the *Bank of Federal Reserves*, which is as federal as is Federal Express; that is to say, it is private.

The monopolizing character of capitalism was also uncovered by a member of the United States House of Representatives, Arsène Pujo, best known for chairing the "Pujo Committee", which sought to expose an anticompetitive conspiracy among some of the nation's most powerful financial interests. In 1908, Pujo became a member of the National Monetary Commission, a body which sought to study foreign banking systems to search for ways to better the domestic banking system. In 1911, he was appointed to chair the House Banking and Currency Committee. One year later, he left the National Monetary Commission and obtained congressional authorization to form a separate committee, which came to be called the Pujo Committee, to investigate the “money trust”.

¹⁸⁶ W. Leggett, Editorials in Jacksonian Political Economy, p. 254

¹⁸⁷ Ibid, p. 255

The Pujo Committee found that a cabal of financial leaders was abusing the public trust in consolidating control over many industries. These same financial leaders were also widely publicized in the Louis Brandeis book, *Other People's Money and How the Bankers Use It*. The book attacked the use of investment funds to promote the consolidation of various industries under the control of a small number of corporations, which Brandeis alleged were working in concert to prevent competition. Brandeis harshly criticized investment bankers who controlled large amounts of money deposited in their banks by middle-class people. The heads of these banks, Brandeis pointed out, routinely sat on the boards of railroad companies and large industrial manufacturers of various products, and routinely directed the resources of their banks to promote the interests of their own companies. These companies, in turn, sought to maintain control of their industries by crushing small businesses and stamping out innovators who developed better products to compete against them. Brandeis supported his contentions with a discussion of the actual dollar amounts—in millions of dollars—controlled by specific banks, industries, and industrialists, such as J. P. Morgan, noting that these interests had recently acquired a far larger proportion of US wealth than corporate entities had ever had before. He cited extensively to testimony brought forth by the Congressional investigation performed by the Pujo Committee into self-serving and monopolistic business dealing. The book received great publicity at the time, and was widely lauded by legal academics. Attention to the book was amplified by Brandeis' nomination to the Supreme Court of the United States in 1916.

Although Pujo left Congress in 1913, the findings of the committee inspired public support for ratification of the Sixteenth Amendment in 1913, passage of the Federal Reserve Act that same year, and passage of the Clayton Antitrust Act in 1914. The 16th amendment was accepted as ratified. Following it, the US income tax system was set up which allowed, in fact, for two completely distinct tax systems: individual and corporate. However hopeful it may sound, in reality this allows rich individuals to avoid paying the income tax. How? They set up corporations as tax shelters to hide their individual earnings, usually off-shore, like in the Virgin Islands or the Bahamas, or somewhere else. Panama used to, perhaps still does, allow such "tax sheltering" for US corporations. Wealthy individuals put most of their earnings in corporations outside of the US, but nearby, and thereby avoid paying any individual income tax. Of course, this had nothing to do with the people. No rational person would have supported this system except the very wealthy, who shoved it down everyone's throat without their knowing it. A similar story goes for the Federal Reserve Act, which was basically created for all the reasons that Andrew Jackson and William Leggett were fighting against the Second Bank of the United States. But, as I said, the story sold to the public just fine. On the outside it was supposed to be an institution for controlling the money-supply and the system of credit. But, in reality, it is a private corporation, to protect the interests of the wealthiest people in the US. From the 1890's on, really from the 1870's on, there were a series of crises that deeply affected ordinary folks. There was also all sorts of fighting against unions, against organized labor. It was a brutal time for working people in the US. Workers and especially the organizers of the I.W.W. (Industrial Workers of the World, also known as the "Wobblies") were killed and jailed. Around the turn of the century, strike struggles were multiplying. In the 1890's there had been about thousand strikes a year; by 1904 there were four thousand strikes a year. But law and military force again and again took the side of the rich.¹⁸⁸ The I.W.W. organizer Joseph Ettor said:

¹⁸⁸ Howard Zinn, *Peopple's History of the United States*, p. 339

If the workers of the world want to win, all they have to do is recognize their own solidarity. They have nothing to do but fold their arms and the world will stop. The workers are more powerful with their hands in their pockets than all the property of the capitalist....¹⁸⁹

For many decades, there were huge outcries about social injustices all over the US. The "Progressive Movement" of Teddy Roosevelt was supposed to deal with these grievances. Howard Zinn describes the ideas of the US workers at the time of early twentieth century, as those of anarcho-syndicalism. The idea was developing strongly in Spain, Italy, and France "at this time, that the workers would take power, not seizing the state machinery in an armed rebellion, but by bringing the economic system to a halt in a general strike, then taking it over to use for the good of all."¹⁹⁰ Nonviolent takeovers of deserted factories are in move in South America today. In Argentina, Brazil, Venezuela, many factories have been taken by the workers, and are now operating without the capitalist bosses. The workers are organizing the production and dividing the profit among themselves.¹⁹¹ "*Occupy, Resist, Produce*" has been the new slogan. However, the strong workers movement in the US was badly crushed in the twenties, up to the thirties hundreds of the workers were killed fighting for their rights. In the sixties the tensions between the people and the government escalated into street violence.

When the revelations started to become well-known about the consolidation and concentration of capital in the hands of the bankers, a scurry was made. The 16th amendment was originally proposed in 1909, four years before it was claimed to be ratified. It was supposed to allow the Federal Government to have a more equitable distribution of wealth by taxing the wealthy and redistributing the value to everyone. That is how it was sold to the public. When the amendment was accepted as ratified in 1913, the actual tax code was broken into the two part system that I mentioned above: a corporate tax system and an individual tax system. The systems were made specifically by the wealthy knowing full-well that they would be able to exploit them and hide their income in "tax-shelters", corporations that hid private income, but masqueraded as actual businesses. This system is in place to this day. The wealthy basically pay no taxes in the United States of America, even today, at a time of great crisis for ordinary people and as corporations are reporting record-breaking profits. Almost the entire tax burden of the US is on the backs of the underpaid workers.

4.3. How the Fed Creates Money Expanse

A particularly severe panic in 1907 provided the motivation for renewed demands for banking and currency reform. The following year Congress enacted the *Aldrich-Vreeland Act* which provided for an emergency currency and established the National Monetary Commission to study

¹⁸⁹ Howard Zinn, *People's History of the United States*, p. 331

¹⁹⁰ *Ibid.*

¹⁹¹ Naomi Klein and Avi Lewis, *The Take*, 2004

<http://video.google.com/videosearch?q=The+Take+Naomi+Klein+video&hl=en&emb=0#q=The%20Take%20Naomi%20Klein%20english%20subtitles&hl=en&emb=0>

Venezuelan trade unionists discuss workers' management and factory occupations, 26 October 2005

<http://www.zmag.org/znet/viewArticle/5136>

Noam Chomsky: Is Capitalism Making Life Better?

<http://www.youtube.com/watch?v=HFxYyXGMfZM&NR=1>

banking and currency reform. The chief of the bipartisan National Monetary Commission was financial expert and Senate Republican leader Nelson Aldrich. The plan for centralized banking, which he introduced, was met with much opposition from politicians, who were suspicious of such a consolidation of financial power in the hands of private bankers. Also the fact that Aldrich had close ties to wealthy bankers such as J. P. Morgan, who was in a close alliance with the House of Rothschild in Europe, did not help Aldrich to win the trust of his colleagues in Congress. However, president Woodrow Wilson signed the Federal Reserve Act of 1913, and as unpopular laws often pass, it passed through Congress during the Christmas time, as I have mentioned.

Even if we look at the the world as getting more democratic, central banks get more undemocratic. These powerful institutions should not be exempt from popular control. Such a view was also presented on the pages of the journal *Foreign Affairs* in April 1999. There Sheri Berman¹⁹² and Kathleen R. McNamara¹⁹³ expressed their concerns with the powers central banks enjoy over the public and government politics.

Leaving central banks undisturbed by their host governments has become an integral part of the neoliberal catechism. In fact, however, the case for removing such powerful institutions from democratic oversight is unproven. Allowing it to rest unchallenged both damages democracy and begs important questions about who the winners and losers of economic policy should be.¹⁹⁴

The privately owned and operated Bank of the Federal Reserve can produce money with no real value.

1. The purchase of bonds is approved by the **Federal Open Market Committee**. The Federal Open Market Committee consists of twelve voting members: the seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank presidents. The Federal Reserve Bank of New York president always sits on the Committee.¹⁹⁵

2. The Fed buys the bonds which it pays for with electronic credits made to the selling bank. These credits are based on nothing.

3. The receiving banks then use these credits as reserves from which they can lend out ten times the amount.

To reduce the amount of money in the economy they simply reverse the process. The Fed sells bonds to the public and money is drawn from the purchasers bank to pay for them.

¹⁹² Assistant Professor of Politics at Princeton University and the author of *The Social Democratic Moment: Ideas and Politics in the Making of Interwar Europe*.

¹⁹³ Assistant Professor of Politics and International Affairs at Princeton University, author of *The Currency of Ideas: Monetary Politics in the European Union*.

¹⁹⁴ Sheri Berman and Kathleen R. McNamara, *Bank on Democracy*, From *Foreign Affairs*, March/April 1999:

<http://www.foreignaffairs.org/19990301facomment962/sheri-berman-kathleen-r-mcnamara/bank-on-democracy.html>

¹⁹⁵The Federal Open Market Committee (FOMC): http://en.wikipedia.org/wiki/Federal_Open_Market_Committee

In 1913, the Fed was created and licensed by the government to sell the public paper. What we call money is just 'thin air', the value of which is in the belief that there is an actual value somewhere in the economic system backing the currency.

Who provides the profits for the bankers—profits of 20, 100, 300, 1,500, 1,800 and more percent? All US citizens pay for them in taxation. They pay the bankers their profits when they buy Liberty Bonds at \$100.00 and sell them back at \$84 or \$86 to the bankers. How? These bankers collected \$100 plus. It is a simple manipulation. The bankers control the security markets. It is easy for them to depress the price of these bonds. The public gets frightened and sells the bonds at \$84 or \$86, and the bankers buy them. Then these same bankers stimulate a boom and government bonds go to par, or above. Then the bankers collect their profits.¹⁹⁶

Since 1935 the Federal Reserve System has presided over and greatly contributed to a major recession, that of 1937-38, wartime and immediate postwar inflation, and a roller coaster economy with alternate rises and falls in inflation and decreases and increases in unemployment. Each inflationary peak and each temporary inflationary trough has been at a higher and higher level, and the average level of unemployment has gradually increased. The System has not made the same mistake that it made in 1929-1933 of permitting or fostering a monetary collapse, but it has made the opposite mistake, of fostering an unduly rapid growth in the quantity of money and so promoting inflation. In addition, it has continued, by swinging from one extreme to another, to produce not only booms but also recessions, some mild, some sharp.¹⁹⁷

Many economists, including Milton Friedman, blame the Federal Reserve for the severity of the Great Depression by contracting the amount of currency in circulation by one-third from 1929 to 1933.

The Chairman of the House Banking and Currency Committee, Representative Louis T. McFadden, accused the Fed and international bankers of premeditating the crash. "It was not accidental," he declared, "It was a carefully contrived occurrence (created by international bankers) to bring about a condition of despair...so that they might emerge as rulers of us all."¹⁹⁸

In August of 1929, the Fed began to tighten the money supply continually by buying more government bonds. At the same time, all the Wall Street giants of the era, including John D. Rockefeller and J. P. Morgan divested from the stock-market and put all their assets into cash and gold. Soon thereafter, on October 24, 1929, the large brokerages all simultaneously called-in their 24 hour "call-loans." Brokers and investors were now forced to sell their stocks at any

¹⁹⁶ Brigadier General Smedley D. Butler, War is a Racket, Smedley Butler's Contribution to Common Sense Neutrality 1936, 2003 by the Butler Family, Chapter Three: Who Pays the Bills, p. 33

¹⁹⁷ Ivan Pongracic, Jr, The Great Depression According to Milton Friedman:

<http://www.fee.org/publications/the-freeman/article.asp?aid=8132>

The regular, sinusoidal cycles in the "modern" world economy are often referred to as long waves, or Kondratiev waves. Kondratiev waves are described as fifty to sixty years in length; the cycles consist of alternating periods between high sectoral growth and periods of slower growth. This business cycle is more visible in international production data than in individual national economies and concerns output rather than prices. Some economists divide the Kondratiev wave into two 'seasons', namely, the Kondratiev Fall and the later part, the Kondratiev Winter. A bull market is associated with 'fall' and a bear market with 'winter'. More common today is the division into four periods with a turning point (collapse) between the first and second two. We seem to be facing the Kondratiev Fall right now.

¹⁹⁸ THE FEDERAL RESERVE SYSTEM IS PRIVATELY OWNED: http://www.fdrs.org/banking_history.html

price they could get to cover these loans. The resulting market crash on “Black Thursday” was the beginning of the Great Depression.

The author of *The Rockefeller File*, Gary Allen, marks words of Congressman Charles A. Lindberg Sr., who accurately proclaimed:

From now on depressions will be scientifically created.¹⁹⁹

Allen later explains what Congressman Lindberg had in mind:

Using a central bank to create alternate periods of inflation and deflation, and thus whipsawing the public for vast profits, had been worked out by the international bankers to an exact science. Having built the Federal Reserve as a tool to consolidate and control wealth, the international bankers were now ready to make a major killing. Between 1923 and 1929, the Federal Reserve expanded (inflated) the money supply by sixty-two percent. Much of this new money was used to bid the stock market up to dizzying heights.²⁰⁰

Woodrow Wilson probably did not completely realize the power he had shifted from the government into the hands of the private bankers, but in any case it paid off during his presidential campaign.²⁰¹ He did realize it was a very unfortunate move for the future of the US people, for he said:

A great industrial nation is controlled by its system of credit. Our system of credit is privately concentrated. The growth of the nation, therefore, and all our activities are in the hands of a few men.... We have come to be one of the worst ruled, one of the most completely controlled and dominated, governments in the civilized world—no longer a government by free opinion, no longer a government by conviction and the vote of the majority, but a government by the opinion and the duress of small groups of dominant men.²⁰²

In his book; *New Freedom: A call for the Emancipation of the Generous Energies of a People*, Wilson insists:

The real menace of our republic is this invisible government which like a giant octopus sprawls its slimy length over city, state and nation. Like the octopus of real life, it operates under cover of a self-created screen. It seizes in its long and

¹⁹⁹ Welcom the Freedom, Chapter 14: http://usa-the-republic.com/revenue/true_history/Chap14.html

²⁰⁰ From Gary Allen's None Dare Call it Conspiracy, Chapter 3: <http://21stcenturycicero.wordpress.com/2008/02/11/how-a-group-of-international-bankers-engineered-the-1929-crash-and-the-great-depression/>

²⁰¹ The Modern History Project, Final Warning: A History of the New World Order: <http://www.modernhistoryproject.org/mhp/ArticleDisplay.php?Article=FinalWarn02-2>

United states of America History and international bankers history:

<http://theunjustmedia.com/Banking%20&%20Federal%20Reserve/United%20states%20of%20America%20and%20intentional%20Bankers%20History.htm>

²⁰² Woodrow Wilson, *The New Freedom*, Doubleday, Doran & Company, Inc, Garden City, New York, 1913, pp. 185.

powerful tentacles our executive officers, our legislative bodies, our schools, our courts, our newspapers, and every agency created for the public protection.²⁰³

The father of propaganda, or ‘father of spin,’²⁰⁴ as the nephew of Sigmund Freud, Edward Bernays, is often referred to, called the financial power also an “invisible government”:

Does the US have an “invisible government”? Yes. A small group of powerful men (and a few women) have controlled the United States for over 100 years. President Woodrow Wilson wrote about them in *The New Freedom* (1913).²⁰⁵

In *The New Freedom*, Wilson also says:

Since I entered politics, I have chiefly had men's views confided to me privately. Some of the biggest men in the United States, in the field of commerce and manufacture, are afraid of somebody, are afraid of something. They know that there is a power somewhere so organized, so subtle, so watchful, so interlocked, so complete, so pervasive, that they had better not speak above their breath when they speak in condemnation of it.²⁰⁶

4.4. Expansion of the Economic Power

In 1975, a Congressman, Lawrence P. McDonald, wrote an introduction to Gary Allen’s book on the “untold story of the most powerful family in America,” *The Rockefeller File*. He urged the readers:

If the Rockefellers were content with their wealth, if their riches had satisfied their desires, this book would not have been written. And I would not be urging you to read it. Money alone is not enough to quench the thirst and lusts of the super-rich. Instead, many of them use their vast wealth, and the influence such riches give them, to achieve even more power. Power of a magnitude never dreamed of by the tyrants and despots of earlier ages. Power on a world-wide scale. Power over people, not just products. *The Rockefeller File* is not fiction. It is a compact, powerful and frightening presentation of what may be the most important story of our lifetime, the drive of the Rockefellers and their allies to create a one-world government, combining super-capitalism and Communism under the same tent, all under their control.²⁰⁷

The reason why McDonald had put the Soviet Union under the same “international bankers' tent” with the capitalists, was probably what Orwell, in his famous novel *1984*, called the system of

²⁰³ Ibid., 14-15.

²⁰⁴ Adam Curtis, BBC documentary, *The Century of the Self*:

<http://video.google.com/videosearch?hl=en&resnum=0&q=The%20Century%20of%20the%20Self%20Adam%20Curtis&um=1&ie=UTF-8&sa=N&tab=wy>

²⁰⁵ Dr. Stanley Monteith, *The True Story of 9/11*: <http://www.newswithviews.com/Monteith/stanley4.htm>

²⁰⁶ Woodrow Wilson, *The New Freedom*, op. cit.

²⁰⁷ Gary Allen, *The Rockefeller File*: http://www.mega.nu:8080/ampp/gary_allen_rocker/

“*Oligarchic Collectivism*,”²⁰⁸ where the oligarchs (another name for CEOs) collectively owned everything. He said:

The oligarchs are the lords of the earth. Everything exists for their benefit. The ordinary people, the workers - are their slaves.²⁰⁹

In ‘Oligarchic Collectivism’ there are no boundaries. Politicians from Communist and Capitalist countries are shareholders in multi-national corporations. They benefit financially and otherwise from policies dictated by Chief Executive Officers (CEOs) who, collectively, own everything in the world, coming and going. In other words, this is *Globalization*. Among those who support this process of corporate rule over the globe, most significantly belongs David Rockefeller, who calls himself an *internationalist*. The Rockefellers' dynasty has been so international, that it heavily funded the Bolshevik Revolution in 1917.²¹⁰

A very well documented book, citing US government documents as well as other sources on US commercial interests funding the Russian Revolution, was written by Antony C. Sutton, a research fellow for the prestigious Hoover Institution for War, Revolution and Peace at Stanford University. The book was entitled *Wall Street And The Bolshevik Revolution*.

Allen also explains what the Wall Street interest in the Russian Revolution was:

While monopoly control of industries was once the objective of J. P. Morgan and J. D. Rockefeller, by the late nineteenth century the inner sanctums of Wall Street understood that the most efficient way to gain an unchallenged monopoly was to be geopolitical—and make society go to work for the monopolists—under the name of the public good and the public interest. This strategy was detailed in 1906 by Frederick C. Howe in his *Confessions of a Monopolist*.²¹¹

Howe postulates why wealthy men like the Rockefellers would cooperate with and even finance the very Communists who are allegedly sworn to bury them:

These are the rules of big business. They have superseded the teachings of our parents and are reducible to a simple maxim: Get a monopoly; let Society work for you; and remember that the best of all business is politics, for a legislative grant, franchise, subsidy or tax exemption is worth more than a Kimberly or Comstock lode, since it does not require any labor, either mental or physical, for its exploitation.²¹²

Sutton points out his conclusion:

One barrier to mature understanding of recent history is the notion that all capitalists are the bitter and unswerving enemies of all Marxists and Socialists.

²⁰⁸ “Corporate Communism”, What Orwell called ‘Oligarchical Collectivism’: <http://www.orwelltoday.com/redriding.shtml>

²⁰⁹ What Orwell called “Oligarchical Collectivism”: <http://www.orwelltoday.com/redriding.shtml>

²¹⁰ Gary Allen, The Rockefeller File: http://www.whale.to/b/allen_b.html#Chapter_One

²¹¹ Ibid

²¹² Ibid

This erroneous idea originated with Karl Marx and was undoubtedly useful to his purposes. In fact, the idea is nonsense. There has been a continuing, albeit concealed, alliance between international political capitalists and international revolutionary socialists—to their mutual benefit.

So long as we see all international revolutionaries and all international, capitalists as implacable enemies of one another, then we miss a crucial point - that there has indeed been some operational cooperation between international capitalists, including fascists.²¹³

Rockefeller, J. P. Morgan and the others involved from Wall Street were simply hedging their bets:

...The obvious rationale would be to have a foot in all camps, and so be in a favorable condition to negotiate for concessions and business after the revolution or counterrevolution had succeeded and a new government stabilized. As the outcome of any conflict cannot be seen at the start, the idea is to place sizable bets on all the horses in the revolutionary race. Thus assistance was given on the one hand to the Soviets and on the other to Kolchak—while the British government was supporting Denikin in the Ukraine and the French government went to the aid of the Poles.²¹⁴

The proofs of the US businessman involvement in this truly revolutionary game are on the public international banking record. They most notably include Morgan and Rockefeller interests, which basically financed the take-over by the Bolsheviks. The many facts and documents that Sutton cites are too numerous to even summarize here. In his ninth chapter,²¹⁵ “Building the Big Red Machine,” Allen says:

Having created their colony in Russia, the Rockefellers and their allies have struggled mightily ever since to keep it alive. Beginning in 1918 this clique has been engaged in transferring money and, probably more important technical information to the Soviet Union. This is made abundantly clear in Antony Sutton’s monumental three volume history, *Western Technology and Soviet Economic Development*. Using for the most part official State Department documents, Sutton proves beyond any possible doubt that virtually everything the Soviets possess has been acquired from the West, principally America. It is not an exaggeration to say that the USSR was made in the USA. No one has even attempted to refute Sutton's almost excessively scholarly works. They cannot. But the misinformation machines that compose our 'meritocracy' can ignore Sutton. And they do. Totally. None of the foregoing makes sense if Communism really is what the Communists and the Rockefeller Establishment tell us it is. But if Communism is an arm of a bigger conspiracy to control the

²¹³ Ibid

²¹⁴ Antony Sutton, *Wall Street And The Bolshevik Revolution*, p. 168

²¹⁵ Gary Allen, *Rockefeller Life*, Chapter Nine: Building The Big Red Machine:
http://www.mega.nu:8080/ampp/gary_allen_rocker/ch9-11.html

world by power-mad billionaires (and brilliant but ruthless academics who have shown them how to use their power) it all becomes perfectly logical.²¹⁶

As before Wilson, John Hylan, the Mayor of New York (1922), also spoke of the ‘*octopus effect*’:

Let me say at the head of this octopus are the Rockefeller-Standard Oil interests and a small group of powerful banking houses generally referred to as the international bankers. For practical purposes they control both political parties, write political platforms, make cats paws of party leaders, use the leading men in private organizations, and resort to every device to place in nomination for high public office only such candidates as will be amenable to the dictates of corrupt big business.... They use the columns of these papers to club into submission or drive out of office public officials who refuse to do the bidding of the powerful corrupt cliques which compose the invisible government.²¹⁷

This “invisible government”, Hylan and others argued, exercises its control of the US Government through the Federal Reserve.

Professor Carroll Quigley also realized that to understand the course of history he had to follow the money. He studied the secretive movement of its rulers and wrote about it in his book, *Tragedy and Hope: A History of the World In Our Time*:

There does exist, and has existed for a generation, an international Anglophile network which operates, to some extent, in the way the radical Right believes the Communists act.... I know of the operations of this network because I have studied it for twenty years and was permitted for two years, in the early 1960s, to examine its papers and secret records....²¹⁸

There are many other scholars who are also mainly concerned about the influence of the international bankers. With the control of issuing an international currency, the bankers gained unprecedented might in human history.²¹⁹

Expansion of US capital is supported by the US military. This ruthless military support to the big corporations is a widely documented feature of US neocolonialism. Some of the most tragic cases are those in Philippines (1898), Haiti (1915, 1994), Iran (1953), Guatemala (1954), Chile (1973), Nicaragua (1980), Panama (1989) and many other countries around the globe, most recently Iraq and Afghanistan. Explicit war is a direct way to enforce the United State’s

²¹⁶ Ibid.

²¹⁷ John Hylan, op. cit.

John Hylan http://en.wikipedia.org/wiki/John_Francis_Hylan

²¹⁸ Carroll Quigley, *Tragedy and Hope: A History of the World In Our Time*, The Macmillan Company, New York, 1966, pg. 950.

²¹⁹ The author of *AIDS: The Unnecessary Epidemic* and most recently *Brotherhood of Darkness*, which is already in its 8th printing, Dr. Stanley Monteith, has been studying the movement to create a world government for almost forty years. During his 35-year career as an orthopedic surgeon he traveled to Europe, lived in South Africa, and researched the records of the men and the organizations that are working to keep America under the control of a corporate elite. Dr. Monteith currently spends five hours daily on talk radio across America. He writes extensively, and lectures on geopolitics.

interests, but there are many indirect ways this is being done. In Latin America US has often used assassins trained at the US Army's "School of Americans", now located at Fort Benning, Georgia, previously in Panama. In the years 1980 to 1992 the civil war in El Salvador left around 70,000 dead.²²⁰ The United Nations named the army officers who committed the worst atrocities of the civil war in El Salvador. Forty-five of the over 60 officers identified in the report, or nearly two-thirds, had been trained at the "School of the Americas".²²¹ Besides the army officers the US provided El Salvador with military funding during this period to the tune of more than \$5 billion.²²² US involvement in El Salvador was put forward by some in Washington as a model of solution for Colombia's 30-year civil war.²²³ US also provide huge military aid to the Mexican government. In July 2008, the Bush administration and the Democratic-led Congress agreed on Plan Mexico, a \$400 million. Much like its predecessor, Plan Colombia, the Mexico initiative has been criticized for emphasizing militarization and security rather than addressing social and economic causes.²²⁴ This way of US "aid" is supporting many dictatorships including those in Saudi Arabia, Pakistan, Egypt, and Uzbekistan. A lot of military assets are now being distributed in Africa under a newly enforced US plan to dominate this continent. Also more American troop are being deployed in Africa under plan AFRICA COMMAND.²²⁵

The countries in the Third World do not need military aid; they need to be able to use their countries resources themselves and to be able to trade on the international market. But the rulers of "free trade" opened the borders of developing countries to western goods while the international financial institutions such as WTO, IMF and WB synchronizing its actions, put up barriers to the Third World countries' exports. The policies of the WTO, supported by the Structural Adjustment Programs (SAP's) of the IMF and WB programs are paralyzing the developing economies by loading them up with debt, while international corporations are preventing people in these countries from subsistence farming. By the means of starvation these people become wage slaves working in the large sweat-shops making Nike, Adidas, Reebok and other clothes, or collect cash crops in the fields owned by corporations like Chiquita Brands International, formerly United Fruit Company.²²⁶ Former Senior Vice President and Chief Economist of the World Bank, Joseph Stiglitz, in a chapter of his book called *Globalization and its Discontents*, describes what he calls the "IMF's Other Agenda," which is also the name of the chapter. Stiglitz first explains the IMF's economic interests by comparing them to the interests

²²⁰Country profile: El Salvador, BBC, 15 February 2008

http://news.bbc.co.uk/1/hi/world/americas/country_profiles/1220684.stm

²²¹ From Madness to Hope: the 12-year war in El Salvador:

Report of the Commission on the Truth for El Salvador, United States Institute of Peace

http://www.usip.org/library/tc/doc/reports/el_salvador/tc_es_03151993_toc.html

²²² <http://www.amazon.com/exec/obidos/ASIN/0521788870/centerforcoop-20>

²²³ US role in Salvador's brutal war, BBC, March 24 2002

<http://news.bbc.co.uk/2/hi/americas/1891145.stm>

²²⁴ Plan Mexico and the US-Funded Militarization of Mexico, Democracy Now, July 31 2008

http://www.democracynow.org/2008/7/31/plan_mexico

²²⁵ Jim Lobe, U.S. Military "Footprint" Extends to Africa, May 9 2003

<http://www.commondreams.org/headlines03/0509-10.htm>

James Jay Carafano and Nile Gardiner, U.S. Military Assistance for Africa: A Better Solution, October 15 2003

<http://www.heritage.org/Research/Africa/bg1697.cfm>

²²⁶ War by Other Means, John Pilger, 1992

http://video.google.com/videosearch?sourceid=navclient&ie=UTF-8&rlz=1T4DKUS_enCZ283CZ284&q=the%20war%20by%20other%20means&um=1&sa=N&tab=vw#

of the former president of General Motors, who was at the time of the following remark the Secretary of Defense of the United States:

Many years ago former president of General Motors and secretary of defense Charles E. Wilson's famous remark to the effect that "What's good for General Motors is good for the country" became the symbol of a particular view of American capitalism. The IMF often seems to have a similar view—"what the financial community views as good for the global economy is good for the global economy and should be done."²²⁷

A more radical but principally identical view of this agenda has been documented by John Perkins. In his best known book, *Confessions of an Economic Hit Man*,²²⁸ he offers an insider's account of the exploitation, or neocolonization, of Third World countries by what he portrays as a cabal of corporations, banks, and the United States government. After Perkins stopped working for the corporations and realized what a great damage they have cost, he started supporting the fight against the corporate devastation of the environment and the people. In Latin America people have been revolting and succeeding in expelling some gigantic corporations off their land. Most notably, people in Bolivia drove out Bechtel. The company which bought their water supply through IMF, raised the price of water three hundred percent, and forbade the people to even collect rain water. Ecuadorian people are suing Chevron for polluting their rivers and grounds. Thirty thousand people living in an area size of Rhode Island are poisoning themselves on a daily basis because of over 18 billion gallons of toxic waste that Texaco dumped in the area (Texaco is today owned by Chevron). There are high rates of cancer and birth defects. The court-appointed expert, and in his reports attributed 428 deaths to Texaco disaster. This corporation made a decision to save what would amount to \$1 to \$3 a barrel by not installing a reinjection system that would have prevented all this pollution.²²⁹ According to John Perkins:

...vast areas of rain forest have fallen and macaws and jaguars have all but vanished. In addition, three Ecuadorian indigenous cultures have been driven to the verge of collapse, and pristine rivers have been transformed into flaming cesspools. During this same period, the indigenous cultures began fighting back. For instance, on May 7, 2003, a group of US lawyers representing more than 30,000 indigenous Ecuadorian people filed a \$1 billion lawsuit against Chevron Texaco Corp. The suit asserts that between 1971 and 1992 the oil giant dumped into open holes and rivers over four million gallons per day of toxic wastewater contaminated with oil, heavy metals and carcinogens. It also claims that the company left behind nearly 350 uncovered waste pits that continue to kill both people and animals.²³⁰

²²⁷ Joseph Stiglitz, *Globalization and its Discontents*, p. 195

²²⁸ *Confessions of an Economic Hit Man: How the US Uses Globalization to Cheat Poor Countries Out of Trillions*:
http://www.democracynow.org/2004/11/9/confessions_of_an_economic_hit_man

²²⁹ Chevron Lobbies White House to Pressure Ecuador to Stop \$12 Billion Amazon Pollution Lawsuit, August 5 2008
http://www.democracynow.org/2008/8/5/chevron_lobbies_white_house_to_pressure

²³⁰ John Perkins, author of *Confessions of an Economic Hit Man* and most recently *The Secret History of the American Empire*, wrote in his article "Squeezing Equador".

<http://www.theglobalist.com/dbweb/StoryId.aspx?StoryId=4923>

John Perkins, who was once an agent for US interests in Latin America and around the globe, continues writing about Ecuador:

The root of terrorism?

We are on the record, in the open. Or so we portray ourselves and so are we accepted. It is how the system works. We seldom resort to anything illegal because the system itself is built on subterfuge, and the system is by definition legitimate.

Looking at this dam, I wondered—as I have so often in so many places around the world—when these people would take action—like the Americans against England in the 1770s or Latin Americans against Spain in the early 1800s.

The desperate

All of those people—millions in Ecuador, billions around the planet—are potential terrorists. Not because they believe in communism or anarchism or are intrinsically evil, but simply because they are desperate.

And that is exactly what I mean. People are not going to stay still while their environment, their children, and themselves are being killed by these so-called “legal” actions of these corporations seeking profits for use in a foreign country. Assuming that this process can go on without a change forever is simply absurd.

The international nature of the capitalist business plan, and its use of crises to entrench itself, is well-documented by the Canadian economist and prize-winning journalist Naomi Klein (author of *No Logo*) in her book *The Shock Doctrine: The Rise of Disaster Capitalism*. In the words of John Berger (author of *Ways of Seeing*), Klein’s book “...reveals a striking parallel between CIA prisoner interrogation techniques and the blackmailing technique of the World Bank and IMF for imposing disaster capitalism across the world.” Klein’s views are also supported by the detailed documentary film made by Robert Greenwald, *Iraq for Sale*. The film documents the activities and interests of international corporations in Iraq. What the people interviewed describe could be called corporate hyenism.

The documentary films by John Pilger, a remarkable Australian journalist and writer who lives in England, reveal the devastating power of the US Army, propaganda, secret services and the influence of the US government money, backing some of the world's most ruthless regimes, as was the one in Indonesia under General Suharto,²³¹ Somoza in Nicaragua, Saddam Hussein in Iraq, or dictators still in place today, like Karimov in Uzbekistan, Musharaf in Pakistan (who has actually resigned while I am writing this thesis), the Saudi King, the Egyptian president

Ecuador today is in far worse shape today than the country was before we introduced her to the miracles of modern economics, banking and engineering. Since 1970, during this period known euphemistically as the Oil Boom, the official poverty level grew from 50 to 70%, under- or unemployment increased from 15 to 70% and public debt increased from \$240 million to \$16 billion.

Foreign aid to third world countries

Meanwhile, the share of national resources allocated to the poorest segments of the population declined from 20 to 6%.

Unfortunately, Ecuador is not the exception. Many other countries have suffered a similar fate. Third world debt has grown to more than \$2.5 trillion, and the cost of servicing it — over \$375 billion per year as of 2004 — is more than all third world spending on health and education. And it is 20 times what developing countries receive annually in foreign aid.

²³¹ John Pilger, Death of a Nation - East Timor: <http://www.youtube.com/watch?v=OhaBSPGBXco>

Mubarak, Georgian president Saakashvili, or Israel with its various war criminals guilty of ethnic cleansing and genocide.

Besides the military support given to the corporate interests of big business, international institutions such as the IMF, WB, BIS (Bank of International Settlements), and also the NSA, CIA, USAID, and other US government and non-governmental organizations, private armies, became the most effective method of the US-led capitalist colonization of the world economy and its people. NAFTA, the North American Free Trade Agreement involving Canada, US and Mexico, also became a very effective tool of the capitalist agenda. Everyone has heard about NAFTA, but almost no one heard about one obscure section of NAFTA—Chapter 11—except for multinational corporations who are using it to challenge governments of the three signatory countries.

Chapter 11 is only one provision in the 555-page NAFTA document. It was supposedly written to protect investors if foreign governments tried to seize their property. But corporations have stretched NAFTA's Chapter 11 to undermine environmental decisions—the decisions of local communities—even the verdict of a US jury. The cases brought so far total almost four billion dollars. The corporations now have the right to sue governments, and sue them directly without having to get the approval of their own government, says William Greider. “And that's one of the features of NAFTA which is distinctively different from all previous trade agreements.”²³² This means one investor in a company can now sue the governments of the United States, Canada, or Mexico, because of an environmental protection law in their country, for example. Whenever the company business would suffer any loss of expected profit under some regulation, under some law or statute passed by a state or local government, all they have to do is file a claim and the state has to defend itself. This is situation of California.

The California case in point began with a chemical—MTBE—that was added to gasoline to help the state clean up its air. But MTBE was found to cause cancer in laboratory animals. In 1995, it began to show up in California drinking water.

The order to stop using MTBE-treated gasoline in California did not sit well with Methanex—a Canadian corporation that is the world's largest producer of the key ingredient in MTBE. Within months, Methanex invoked Chapter Eleven and claimed that its market share, and therefore its future profits, were being taken away—expropriated—by the governor's action. Allow us to sell MTBE for gasoline in California, the company argued—or pay us \$970 million dollars in compensation.²³³

Martin Wagner, an attorney for the Earthjustice Legal Defense Fund, said:

This is incredible. This is a foreign corporation coming in and saying first of all, that a regulation that the government of California, through normal democratic processes, has decided is important to protect health and the environment—they

²³² Trading Democracy: The Other Chapter 11, Now with Bill Moyers, (1/2) 2 February 2002
<http://www.pbs.org/now/politics/tradingdemocracy.html#>

²³³ Trading Democracy: The Other Chapter 11, Now with Bill Moyers, (2/2) 2 February 2002
<http://www.pbs.org/now/politics/tradingdemocracy2.html#>

are saying that California either cannot implement this protection or that they get a billion dollars. People should be outraged by that.²³⁴

The reason chapter 11 of NAFTA is so powerful in the hands of corporations is that Article 1110 provides for protection of any behavior "tantamount to" expropriation or nationalization. The corporations who have brought their cases under NAFTA for judgment have argued that any local or federal government behavior which even lessens their expected profits is "tantamount to" nationalization, and under the provisions of NAFTA, these have to be paid for as if property were nationalized. This is utterly perverse, but there is every reason to believe that the writers of the NAFTA agreement intended it to be used this way. So, if any democratic institution in Mexico, Canada, or the US does something that affects the expected profits of a trans-national investor, the government is required to pay out those lost, expected profits. If the workers in a maquiladora in Mexico unite and make a union that requires US or Canadian corporation to pay higher wages, the corporation can sue under NAFTA so that the government who allows that union has to pay the wage increase.

The most crucial story is that when these cases are brought for judgment under Chapter 11 of NAFTA, they are not brought to an ordinary civil court which nominally, at least, is responsive to some democratic controls. No.

The claims are being decided not in open court, but in what has become a system of private justice, in secret tribunals. That is exactly the way the authors of Chapter 11 designed it.²³⁵

The arguments are made in secret in offices of the World Bank, completely opaque to the public.

Chapter Eleven gives corporations the right to sue for damages if they believe they have been hurt by the action of a government. The case is treated as if it were a simple trade dispute—and argued in a room at the World Bank in Washington—or in others in cities like New York and Toronto.²³⁶

George Orwell once said: "If you want a vision of the future, imagine a boot stamping on a human face - forever."²³⁷ And that is exactly what we have been witnessing.

Using the words of Jack London, the 'iron heel' of capitalism has been long destroying for the profit of a few and creating misery for the many. Major General Smedley D. Butler, the most decorated Marine in US history, who twice won the highest award given for bravery to a soldier, the Congressional Medal of Honor, referred to himself as a "*gangster of capitalism*." His book *War is a Racket* was the first work describing functioning of the military-industrial complex.

In *War is a Racket*, Butler speaks of those who profit the most from war. After naming various big military and other businesses he notes:

²³⁴ Ibid.

²³⁵ Trading Democracy: The Other Chapter 11, Now with Bill Moyers, 2 February 2002
http://www.pbs.org/now/transcript/transcript103_full.html

²³⁶ Ibid.

²³⁷ George Orwell, *Nineteen Eighty-Four*, Part III., Ch. III.

And let us not forget the bankers who financed the great war. If anyone had the cream of the profits it was the bankers. Being partnerships rather than incorporated organizations, they do not have to report to stockholders. And their profits were as secret as they were immense. How the bankers made their millions and their billions I do not know, because those little secrets never become public—even before a Senate investigatory body.²³⁸

In 1933, Butler delivered a remarkable speech in which he stated:.

War is just a racket. A racket is best described, I believe, as something that is not what it seems to the majority of people. Only a small inside group knows what it is about. It is conducted for the benefit of the very few at the expense of the masses.

I believe in adequate defense at the coastline and nothing else. If a nation comes over here to fight, then we'll fight. The trouble with America is that when the dollar only earns 6 percent over here, then it gets restless and goes overseas to get 100 percent. Then the flag follows the dollar and the soldiers follow the flag.

I would not go to war again as I have done to protect some lousy investment of the bankers. There are only two things we should fight for. One is the defense of our homes and the other is the Bill of Rights. War for any other reason is simply a racket.

There isn't a trick in the racketeering bag that the military gang is blind to. It has its "finger men" to point out enemies, its "muscle men" to destroy enemies, its "brain men" to plan war preparations, and a "Big Boss" Super-Nationalistic-Capitalism.

It may seem odd for me, a military man to adopt such a comparison. Truthfulness compels me to. I spent thirty-three years and four months in active military service as a member of this country's most agile military force, the Marine Corps. I served in all the commissioned ranks from Second Lieutenant to Major-General. And during that period, I spent most of my time being a high class muscle-man for Big Business, for Wall Street and for the Bankers. In short, I was a racketeer, a gangster for capitalism.

I suspected I was just part of a racket at the time. Now I am sure of it. Like all the members of the military profession, I never had a thought of my own until I left the service. My mental faculties remained in suspended animation while I obeyed the orders of higher-ups. This is typical with everyone in the military service.

I helped make Mexico, especially Tampico, safe for American oil interests in 1914. I helped make Haiti and Cuba a decent place for the National City Bank

²³⁸ Brigadier General Smedley D. Butler, War is a Racket, pg. 29

boys to collect revenues in. I helped in the raping of half a dozen Central American republics for the benefits of Wall Street. The record of racketeering is long. I helped purify Nicaragua for the international banking house of Brown Brothers in 1909-1912. I brought light to the Dominican Republic for American sugar interests in 1916. In China I helped to see to it that Standard Oil went its way unmolested.

During those years, I had, as the boys in the back room would say, a swell racket. Looking back on it, I feel that I could have given Al Capone a few hints. The best he could do was to operate his racket in three districts. I operated on three continents.²³⁹

Butler presented an exposé and trenchant condemnation of the profit motive behind US warfare as early as 1933. But, before that, in the same year, Butler was approached by a wealthy and secretive group of industrialists and bankers, including Prescott Bush the current President's grandfather, who asked him to command a 500,000 strong rogue army of veterans that would help stage a coup to topple then President Franklin Delano Roosevelt. According to the BBC, the plotters intended to impose a fascist takeover and "Adopt the policies of Hitler and Mussolini to beat the great depression."²⁴⁰

No political scientist should be surprised as every empire in history evolved into despotism and tyranny. With today's wars in Iraq and Afghanistan, and many others since 1933, we can say that politicians and big business have worked in close partnership to conduct wars. Even though the grandfather of today's president did not manage to takeover the government by force, his grandson seems to have brought the US very close to the same goal again, as is very widely discussed today. Probably the best known work on this topic was done by Naomi Wolf in her book *The End of America: Letter of Warning to a Young Patriot*.²⁴¹

By the end of World War II more than half of the research and development and technical manpower of US society was drawn away from civilian industry and into work that was military-supporting, directly or indirectly. The Cold War then became a period of major transformation of the role of the federal government, which now became embodied as an institution that was set up to develop and manage the US's expanding military system.

The military-industrial complex took shape during the 1950s, the power and influence of which we were forewarned by President Eisenhower (1953 – 1961). In his 1961 farewell address to the US as he was leaving office, he said, "In the councils of government we must guard against the acquisition of unwarranted influence, whether sought or unsought by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist."²⁴²

²³⁹ <http://www.twf.org/News/Y2001/0911-Racket.html>

²⁴⁰ The Whitehouse Coup, BBC 2007, Document uncovers details of a planned coup in the USA in 1933 by right-wing American businessmen http://www.bbc.co.uk/radio4/history/document/document_20070723.shtml

²⁴¹ Fascist America, in 10 easy steps From Hitler to Pinochet and beyond, history shows there are certain steps that any would-be dictator must take to destroy constitutional freedoms. And, argues Naomi Wolf, George Bush and his administration seem to be taking them all

<http://www.guardian.co.uk/world/2007/apr/24/usa.comment>

²⁴² Seymour Melman, Pentagon Capitalism, pp. 10-13

Under Kennedy-McNamara the US became a war factory with a centrally managed state-capitalist industrial system.

Former professor emeritus of industrial engineering and operations research at Columbia University, Seymour Melman, author of many studies on the US war economy, outlined, in his publication *Pentagon Capitalism* (1970), the main features of the then rising top-management control organization that was set up in the Pentagon from 1961 on to regulate the managers of about 20,000 principal firms that served the Department of Defense (apart from about 100,000 subcontractors).

Melman focuses on the corporatization of the federal government and calls the new economic system, a corporate-type of state management of institutions under Pentagon control a *state capitalism*. He characterizes it as a business economy, of which the top directorates are located in government. The state-capitalist part dominates the entire economy even though private business may still operate within it.²⁴³ Melman argues that contrary to the older business system that focused on generating profits by minimizing costs, the military industry maximizes cost and subsidies from the state management. The conventional facade of corporate outward appearances obscures the presence and the distinctive nature of the state-managed economy. Melman claims that:

The United States is now a species of State Capitalism. The top federal government executives are a partnership of top political and corporate managers who operate a war economy to enlarge their power as their main continuing goal. The idea that the US can afford guns and butter without limit is proven false every day. Unemployment levels that are the hallmark of deep depression are now visible as additional millions “leave” the labor force and are not counted as unemployed by the Federal government even though they are actually jobless. Hence, an 8% “unemployment” rate as counted by the Federal government actually refers to 16% jobless. Meanwhile, the infrastructure of American society shows decay that can no longer be concealed despite the practiced showmanship of leading public officials.²⁴⁴ Even in the wealthiest economy, war expenditures change from economic stimulus to economic damage: first, when the military activity preempts production resources to a degree that limits the ability of the society to supply necessities such as shelter; second, when the military spending causes rapid price inflation, thereby depressing the level of living of all who live on limited incomes; and third, when price inflation disrupts the process of civilian capital investment which requires capability for predicting the worth of a nation's currency.²⁴⁵

During the last years, there has been more signs that the US is in a state of unprecedented crisis.

²⁴³ Ibid

²⁴⁴ Seymour Melman, In the Grip of a Permanent War Economy:
<http://www.bear-left.com/original/2003/0309permanent.html>

²⁴⁵ Seymour Melman, *Pentagon Capitalism*, p. 33

John Kenneth Galbraith also formulated this idea in his volume, *The New Industrial State*: “increasingly, it will be recognized that the mature corporation, as it develops, becomes part of the large administrative complex associated with the state. In time the line between the two will disappear.”²⁴⁶

All this cannot be blamed on any particular former president or congress, says Melman, for they are all implicated. Since World War II, they have all participated in furthering the 'permanent war economy'.

The vast majority of government funds was and is given to private companies like Lockheed Martin and McDonnell Douglas, and thousands of other smaller firms that make up the US military industry. Many of these top firms in the industry derive as much as 75 to 80 percent of their revenues from Pentagon contracts, making them virtual wards of the state, depending on the government for their very survival.²⁴⁷

No one would expect private military-industry firms to give military systems to the Pentagon for free, on the other hand the government funds do represent a direct taxpayer subsidy to a private industry. The companies are in business with a minimal investment of their own funds, and then turn around and sell that very same weaponry, originally intended for the Pentagon, on the world market at a profit. Since 1981 taxpayers have provided US military contractors with billions in funding to develop scores of new weapons systems, the majority of which have gone on to be exported to foreign nations.

The corporations that produce these weapons receive huge profits on their foreign sales. No other government in the world provides anything even close to this to support its arms manufacturing firms. The United States spends five times the amount of all Western European countries combined on its arms industry. The US also sells more weapons to foreign clients than do all the other nations in the world together.²⁴⁸

Public interest in peace is subordinate to government policies on “how to make war”. The cause of this hyperactivity of the US military is not only the colonial-style posture of US Policymakers, but also the need to feed a non-productive economy parasitic on the peace-time economic activity of civilian industries like electronics, automobiles, clothing and other productive businesses not dependent on government subsidies. More than half of all the production equipment required in the United States is imported, mainly from Germany and Japan.²⁴⁹

Centralizing the US war industry led to the creation of the world’s largest complex of military goods producers which generate more than half of the world’s arms trade. War is its business.

²⁴⁶ Ibid, p. 12

²⁴⁷ Military Contractors: <http://archive democrats.com/preview.cfm?term=Military%20Contractors>

²⁴⁸ Diane S. McAteer , Vast Weapons Industry Runs on OUR Money:
<http://archive democrats.com/view.cfm?id=7051>

²⁴⁹ Seymour Melman, In the Grip of a Permanent War Economy: <http://www.bear-left.com/original/2003/0309permanent.html>

Businessmen call the most productive periods of their business “the happy days”. Elements that bring military industry business—“the happy days”—are conflicts and wars. Therefore, peace is not good for business for the war-economy cartel.

This triangle of great power—The Department of Defense (the Pentagon), the rest of the federal government, and the arms manufacturers—strongly influences US domestic and foreign policies. It is what president D. Eisenhower warned of before—the military-industrial complex. I will discuss the impact of permanent-war economy in the chapter on the statist capitalism of the military-industrial complex.

The permanent-war economy of the United States has endured since the end of World War II in 1945. Since then the US has been at war somewhere, often in numerous places, every year. The US army, secret services, or private US-funded army is involved around the globe.

5. What is it the US Government Presents to its People and the World as Democracy?

5.1. Terms of Democracy Under Capitalism

In the phrase of Abraham Lincoln, democracy is a government “of the people, by the people, and for the people.”

Contrasting the mentioned definition of democracy with the actual distribution of power in the US, money collected on taxes, and privileges—such as light taxation or even no taxation at all for selected corporations, and other government-friendly policies towards some, generally towards the most generous contributors to the political campaigns,²⁵⁰ or privileges in the form of gigantic government contracts and subsidies of which those granted to arms manufacturers and the various military-support industries are massive.²⁵¹ Inequality in government spending on the development of civilian industry, which has taken leave of US soil and been replaced with the war industry, which has grown to enormous proportions.

According to the principles of liberal democracy, which many define the US to be, the elections should be free and fair, and the political process should be competitive. Political pluralism is usually defined as the presence of multiple and distinct political parties.

Addressing the issue of free and fair once more, Noam Chomsky made a clear comment when he was asked by a reporter, who disagreed with Chomsky’s conclusions expressed in his book *Manufacturing Consent*, that all mainstream news media are manipulated by their owners, today just few corporations, and are largely effective tools of propaganda, working with the government for the corporations. The annoyed young reporter asked Chomsky: “Are you saying I am manipulated as well?” Chomsky smiled and answered: “I am not saying you are manipulated, I am saying, that if you didn’t believe what you believe, you wouldn’t have this job.”²⁵²

²⁵⁰ One of the corporations Bush Jr. administration stared was Enron. Enron founder Ken Lay and his family rank among President Bush’s biggest financial backers of his political career. The family donated about \$140,000 to Bush’s political campaigns in Texas and for the White House. Overall Enron employees gave Bush some \$600,000 in political donations. According to the Center for Public Integrity this made Enron Bush’s top career donor—a distinction the company maintained until 2004. Shortly after Bush took office in 2001, Vice President Cheney met with Enron officials while he was developing the administration’s energy policies.

Texas-based activist on political donations, CRAIG McDONALD: He put the very people who funded him in the room to devise a clean air policy. They wrote the policy. He enacted the policy and the policy was strictly voluntary, did nothing to clean up the air, yet he touted it as a major accomplishment. Ken Lay, got almost total complete energy deregulation.

PRESIDENT GEORGE W. BUSH: Instead of the government telling utilities where and how to cut pollution, we will give them a firm deadline and let them find the most innovative ways to meet it.

CRAIG McDONALD: These same funders were sick and tired of trying to play by the environmental rules and regulations.

George Bush gave them an environmental clean air policy that any corporation would lust after:

http://www.democracynow.org/2006/5/26/enron_the_bush_connection

²⁵¹ “Some should rule and others be ruled: this is not by itself a proof that slavery is natural,” since there are, as Aristotle often said, several kinds of rule, rule over slaves being only one kind; he says this for example in the very first chapter of the *Politics*, Readings, p. 101. So the fact that some are rulers, others ruled, is irrelevant to showing that some of the others should be slaves.

²⁵² Chomsky’s moral and intellectual antithesis, Walter Lippmann who first identified the tendency of journalists to generalize about other people based on fixed ideas argued, that people—including journalists—are more apt to believe “the pictures in their heads” than come to judgment by critical thinking. Humans condense ideas into symbols, he wrote, and journalism, a force quickly becoming the mass media, is an ineffective method of educating the public. Even if journalists did better jobs of

From this point of view, people of the United States are as free, and the elections as fair as the evening news get. According to the World Press Freedom list of 2006, US was ranked #53 (compared to #17 in 2002),²⁵³ and has been severely criticized by Reporters without Borders and other NGO's for jailing and intimidating journalists.²⁵⁴ In May of this year, Al-Jazeera cameraman Sami al-Haj was released after six and a half years at Guantanamo.²⁵⁵ Last month marked the fifth anniversary of the US military shelling of the Palestine Hotel in Baghdad. The attack killed two journalists: Reuters cameraman Taras Protsyuk and Jose Couso, a cameraman for the Spanish television network Telecinco. The Pentagon has called the killings accidental, but Army Sgt. Adrienne Kinne (Ret.) reveals that she saw secret US military documents that listed the hotel as a possible target.²⁵⁶

US government lacks any respect towards the US independent or foreign media but also towards the interests of its own people. A university student was tasered by campus police and arrested after trying to ask Senator John Kerry questions during a campus forum in Florida.²⁵⁷ This was not a rare case when the police used 50,000 W on citizen for no reason.²⁵⁸ Police in the city of Winnfield, Louisiana are being accused of covering up the death of twenty-one-year-old Baron Pikes. He died in police custody on January 21 after being shot nine times with a taser gun while in handcuffs.²⁵⁹ The United States Constitution's First Amendment, which promises freedom of speech, is about as useful as the belief in the social mobility.²⁶⁰ It can happen, but it is not how the nation works. If it was, the US would not be ranked 53th on the World Press Freedom list, and they would not have the widest gap between the rich and poor, combined with the largest poverty, among the Western states, which I will discuss later.

informing the public about important issues, Lippmann believed "the mass of the reading public is not interested in learning and assimilating the results of accurate investigation." Citizens, he wrote, were too self-centered to care about public policy except as pertaining to pressing local issues. However this may be the case of citizens majority. Today there are many large groups, which form movements of people who do care about public policies on domestic and global scale. This people start radio and TV news like the Radio Pacifica and Democracy Now (broadcasting on over a 700 stations), Real News, Link TV and Mosaic.

²⁵³ US Rank on Press Freedom Slides Lower: <http://www.washingtonpost.com/wp-dyn/content/article/2006/10/23/AR2006102301148.html>

²⁵⁴ Amy Goodman, The US War on Journalists: http://www.democracynow.org/blog/2008/5/7/amy_goodmans_new_column_the_us_war_on_journalists

²⁵⁵ After Six Years, Al-Jazeera Cameraman Freed from Guantanamo: <http://www.indybay.org/newsitems/2008/05/03/18496717.php>

²⁵⁶ DEMOCRACY NOW! EXCLUSIVE: Fmr. Military Intelligence Sgt. Reveals US Listed Palestine Hotel in Baghdad as Target Prior to Killing of Two Journalists in 2003

Kinne also discloses that she was personally ordered to eavesdrop on Americans working for news organizations and NGOs in Iraq:

Hotel Palestine: Killing the Witness—Documentary Exposes the Truth Behind the Attack:

http://www.democracynow.org/2005/3/23/hotel_palestine_killing_the_witness_documentary

²⁵⁷ Student Tasered at campus forum for Kerry:

<http://edition.cnn.com/2007/US/09/18/student.tasered.ap/index.html>

²⁵⁸ COPS BRUTALY TASERS WOMAN CNN ANDERSON COOPER 360: <http://www.youtube.com/watch?v=LjOOco6DD7I>

Man dies after police jolt him with stun gun: <http://edition.cnn.com/2007/US/11/18/taser.death/index.html>

Video shows woman's scuffle with police, arrest before airport death:

<http://edition.cnn.com/2007/US/10/04/airport.death/index.html>

11 Year Old Tasered at School as a 'Last Resort': <http://www.youtube.com/watch?v=0OnV7e2eNbc&feature=related>

Wheelchair-Bound Woman Dies After Being Shocked With Taser 10 Times: <http://www.local6.com/news/14147512/detail.html>

²⁵⁹ Death by Taser: Police Accused of Cover-Up in Death of African-American Man Shocked Nine Times While in Handcuffs,

July 28 2008 http://www.democracynow.org/2008/7/24/police_accused_of_coverup_in_taser

²⁶⁰ Olbermann: the beginning of the end of America: <http://www.youtube.com/watch?v=uqxmPjB0WSs&feature=related>

Also, competitiveness in the political process, and political pluralism which should be defined by the presence of multiple and distinct political parties is not the case in, as they call themselves, the world's greatest democracy. The US two-party system is actually a one-party system with two wings, as Gore Vidal commented during one of his lectures:

The only difference between the two wings is that Democrats tend to be conservative and the Republicans tend to be reactionary. That is why Democrats will sometimes pretend they prefer human rights to property rights, when the Republicans would rather die than be hypocritical.

Expressed with a sense of black humor, this is the case of plurality in the US political system, as many other US dissident intellectuals have struggled to make clear over the past decades.

Vidal also says, “there can be no change under this present system, because the interests of most of the people are not going to be represented, so they do not vote.”

5.2. Numerous Frauds in US Elections

Since the sixties, the US has had the lowest voter turnout of all developed countries. The amount of people who decide to participate in presidential elections is often lower than 50 percent of those eligible to vote. Approximately 70 percent of the eligible population registers to vote, which may be an important contributing factor to the low average election turnout, which in recent decades has just barely topped 50 percent of the voting-age population in presidential elections. The exception was the year 2004, when presidential election turnout was up to 56.70 percent of all US citizens old enough to vote.²⁶¹ Many journalists, scholars and a few politicians like Cynthia McKinney, opine that it was a reaction to the events of the 2000 presidential elections in Florida, where the vote was literally stolen from the African-American and Hispanic voters, who are most likely to vote for Democrats, their names were on the famous forgery list of felons, who were not allowed to vote.²⁶²

Votes were being stolen also during the counting. At Volusia County, Florida, an election computer counted Al Gore's totals backwards, which created negative votes. Danie Lowe, Supervisor of Elections, said:

It [the voting record] was showing a minus sign in front of the votes that it had subtracted from Gore. It wasn't like it was trying to hide it. It says there is minus 16,022 votes.²⁶³

How could a computer that is supposed to protect the votes count backwards, to give a candidate negative votes? Either it was an error or someone had tried to rig the election. There was an

²⁶¹ <http://www.fec.gov/pubrec/fe2004/federalelections2004.pdf>

²⁶² What really happened in Florida? 16/2/01: <http://news.bbc.co.uk/2/hi/events/newsnight/1174115.stm>

New Florida vote scandal feared, A secret document obtained from inside Bush campaign headquarters in Florida suggests a plan - possibly in violation of US law - to disrupt voting in the state's African-American voting districts, a BBC Newsnight investigation reveals: <http://news.bbc.co.uk/1/hi/programmes/newsnight/3956129.stm>

²⁶³ Hacking Dmeocracy: <http://video.google.com/videoplay?docid=446377686669054201>

investigation into the negative votes, and it was established that the problem could not have been due to machine failure, because only the totals for the presidential race were incorrect. It looked like a second memory card may have been inserted into the computer. Memory cards contain the votes, but the second card had disappeared, so it could not be checked. The software which counted the votes was owned by Global Election Systems. In 2002 they were bought by Diebold Corporation.

These computer systems count around eighty percent of US votes. It is hard to believe, but it is against federal and state law to look at voting machines made by the various corporations. Not even the Chief Technical Advisor to California's Secretary of State, David Jefferson, was allowed to look at the software running on the Diebold machine or any of the other commercial voting machines.²⁶⁴

Nevertheless, a similar debacle of democracy followed the presidential election in 2004 in Ohio and nationwide.²⁶⁵ Republican operatives blocked a quarter-million new voters, and challenged the voting rights of millions of US citizens around the country, on grounds that they brought the wrong IDs to the poles. Nearly three million voters' rights were challenged, a mass attack on minority voting rights, said US reporter for the BBC, Greg Palast. After reviewing the evidence, the voting rights attorney, Robert F. Kennedy Jr., said:

They disenfranchised millions of black voters who don't even know that they've been disenfranchised.²⁶⁶

Greg Palast, who first uncovered the election frauds in Florida and Ohio and reported on a number of other stolen elections, was speaking at the New York Society for Ethical Culture on December 7, 2004.

²⁶⁴ Hacking Dmeocracy: <http://video.google.com/videoplay?docid=446377686669054201>

²⁶⁵ BBC Investigative Reporter Greg Palast on the "Apartheid Ballot Counting System in America": http://www.democracynow.org/2004/12/8/investigative_reporter_greg_palast_on_the

²⁶⁶ To justify this massive blockade, Republican officials wanted prosecutor David Iglesias to arrest some voters to create a high publicity show trial. Iglesias went along with the game. Just before the 2004 election, he held a press conference announcing the creation of a vote fraud task force. But the prosecutor drew the line at arresting innocent voters.

DAVID IGLESIAS: They were telling Rove that I wasn't doing their bidding. I wasn't filing these voter fraud cases.

GREG PALAST: The evidence fellow Republicans gave him was junk. He refused to bring a single prosecution.

GREG PALAST: Iglesias believes the real reasons for the firings are in what are called the missing emails, emails sent by the Rove team using Republican Party campaign computers, which Rove claims can't be retrieved. But not all the missing emails are missing. We have 500 of them. Apparently the Rove team misaddressed their emails, and late one night they all ended up in our inboxes in our offices in New York City.

DAVID IGLESIAS: I didn't help them out on their bogus voter fraud prosecutions.

And as Iglesias predicted, they reveal a story the party would rather keep buried. Voting rights attorney Robert F. Kennedy, Jr., reviewed the evidence in our cache of emails and concluded:

ROBERT F. KENNEDY, JR.: Caging is an illegal way of getting rid of black votes. You get a list of all the black voters. Then you send a letter to their homes. And if the person doesn't sign it at the homes, the letter then is returned to the Republican National Committee. They then direct the state attorney general, who is friendly to them, who's Republican, to remove that voter from the list on the alleged basis that that voter does not live in the address that they designated as their address on the voting application form.

They ought to be in jail for doing this, because they knew it was illegal, and they did it anyway.

Investigative Journalist Greg Palast Reports on the Firing of New Mexico Attorney David Iglesias:

http://www.democracynow.org/2007/5/14/investigative_journalist_greg_palast_reports_on

Black neighborhoods get the bad schools, they get the bad hospitals, they get the bum voting machines. And their votes go in the garbage. And they know it. In fact, it should be against the law. And, in fact, it is. The American Civil Liberties Union (ACLU) sued the State of Ohio for a racist ballot counting system. They sued five states. Before the election, four states said, “Well, we’re kind of embarrassed. We’re losing thousands of Black votes.” And they all agreed to fix the machines before the election, all but one state. The Secretary of State of Ohio said, “Yes.” He said, “Yes, I know that the machines we use in Ohio eliminate tens of thousands of Black votes on bad machines.” But it was the only—the only state that said, “Yes, we’ll fix them after the inauguration.” Dr. Mark Salling of Cleveland State University who’s been investigating this for the ACLU, and the statisticians and demographers say it’s overwhelmingly Black votes which are not counted. The technical term is “spoiled” votes. Overwhelmingly, 30,000 ballots were handed out, provisional ballots were handed out to Ohio. Urban, as they say, in other words, Black voters, who supposedly voted in the wrong precinct, knowing that those ballots would never, ever be counted.²⁶⁷

Another Republican trick in 2004 was to take voting machines from poor districts, where the people most likely vote for Democrats, and install the machines in the richer areas where people more likely vote for the Republicans.²⁶⁸ What happened was, that there were areas where they had one machine for three thousand voters, which created four- to five-hour lines. In the US, election day, unbelievably, is not an official day off from work. So, many poorer voters cannot stand on lines for 4 to 5 hours waiting to vote; they have to return or go to work. Since the African-American population tends to be poorer than the white population, this tended to affect them very badly. Besides the fact that it was raining on election day in 2004 throughout much of Ohio and the long lines ran out of the polling stations and down the streets outside. Voters across the country also experienced troubles with the touch-screens where, in essence, the computer picked a different candidate’s name than the actual one the voter pressed.²⁶⁹

Susan Bernecer, a Republican Candidate in Louisiana, Jefferson Parish (1996), recorded a proof of the fraud on camera. The day when the warehouses were open to the candidates, she went to inspect. When she pressed her name on the voting machine, the name of another candidate showed up. She tested 15 machines and then gave up, saying: This is terrible, we can’t count

²⁶⁷ Investigative Reporter Greg Palast on the “Apartheid Ballot Counting System in America”:

http://www.democracynow.org/2004/12/8/investigative_reporter_greg_palast_on_the

²⁶⁸ Investigative Reporter Greg Palast on the “Apartheid Ballot Counting System in America”:

http://www.democracynow.org/2004/12/8/investigative_reporter_greg_palast_on_the

Ohio's voting machines are now an official crime scene by Bob Fittrakis and Harvey Wasserman March 17, 2008:

<http://www.freepress.org/departments/display/19/2008/3054>

Ian Inaba, American Blackout (2006)

Chronicles the recurring patterns of disenfranchisement witnessed from 2000 to 2004 while following the story of Georgia Congresswoman Cynthia McKinney, who not only took an active role in investigating these election debacles but also found herself in the middle of one after publicly questioning the Bush Administration about the 9-11 terrorist attacks. If copyright becomes an issue on this video upload, it will be deleted immediately. Please rate and comment.

<http://video.google.com/videoplay?docid=-5965670944815984616>

²⁶⁹ Hacking Democracy (2007)

This documentary exposes the vulnerability of computers - which count approximately 80% of America's votes in county, state and federal elections - suggesting that if our votes aren't safe, then our democracy isn't safe either.

<http://video.google.com/videoplay?docid=4463776866669054201>

our votes. So how do we know this is right?²⁷⁰ Evidently she was not the chosen Republican candidate to win the election. This is not a rare situation. New Hampshire's 2008 primary election used Diebold "Accu-Vote" machines to scan and count 80 percent of the votes. These are the same machines that were hacked by the famous Finnish hacker Harri Hursti. As the documentary film *Hacking Democracy* shows, it was a piece of cake. The hand recount of New Hampshire's paper ballots has already revealed unexplained machine miscounts in Hillsborough County, NH.²⁷¹

Wilton district = 10.6% miscounted by machines
Nashua, Ward 5 = 4.9% miscounted by machines
New Ipswich = 7.5% miscounted by machines
Manchester, Ward 5 = 10.6% miscounted by machines

In 2004, citizens of Ohio were angry, claiming that voters were illegally turned away from voting, and that elections were fraudulently counted. They needed a recount. In the end it was the Green Party presidential candidate, David Cobb, who decided enough was enough.

I launched a recount in order to investigate the allegations of voter suppression and fraud that were pouring in.

Later he stated:

The recount is nothing but a fraud, it is a complete waste of time. It's a bit of theater. And it was done, in my opinion, to insure that there was never an actual recount conducted, but more importantly to insure that there was never an investigation into the underlining allegations of vote suppression and election fraud that took place.²⁷²

Facing the US presidential elections of November 2008, hundreds of thousands of Democratic voters' rights are being challenged again. Late in April 2008, the Supreme Court upheld an Indiana law requiring voters to show photo identification. So far there are seven states that have similar laws. But many Democrats and civil rights groups have opposed the law, saying it is a thinly-veiled effort to suppress elderly, poor and minority voters, those most likely to lack "proper" ID. Secretary of State Robin Carnahan of Missouri was asked how are poorer people and older people disqualified from voting by the photo ID:

You know, you can think about who does not have a driver's license, right? And that's what we did in Missouri, is we took a look at the driver's license and non-driver's license list and the voter list and compared those and found that over 200,000 people could have been harmed by this. They were registered voters, but didn't have this particular required state ID card. I think the debate will certainly be opened up by this. The case in the Supreme Court was very specific. It was about Indiana law and Indiana facts. And we had a case in Missouri that our State

²⁷⁰ Ibid.

²⁷¹ <http://www.hackingdemocracy.com/>

²⁷² Ibid.

Supreme Court found unconstitutional, because they showed and understood that people were really harmed by this.²⁷³

Such interviews are rarely seen in the mass media, but they certainly do provide information about why the United States has been the nation with the lowest number of voter turnout among the Western nations for the past forty years. According to Curtis Gans, director of the nonpartisan Center for the Study of the American Electorate, the highest recent midterm turnout was 42.1 percent in 1982.²⁷⁴

Nationally, more voters named corruption as an extremely important factor in their vote for the House than any other issue. Forty-one percent of voters said corruption was as an extremely important factor in their vote, compared to 39 percent who said terrorism and 39 percent who said the economy.²⁷⁵

The most common reason why a majority of US citizens gave up on voting, is probably the zero effect voting has on their lives.

5.3. Gap between Rich and Poor in the US is the Greatest in the Western World

The official poverty threshold is adjusted for inflation using the Consumer Price Index. Poverty in the United States is cyclical in nature with roughly 12% to 15% living below the federal poverty line at any given point in time, and roughly 40% falling below the poverty line at some time within a 10-year time span.²⁷⁶ While there remains some controversy over whether or not the official poverty threshold over- or understates poverty, the United States statistically has some of the highest absolute and relative poverty rates in the developed world.²⁷⁷ Overall the US ranks 16th on the Human Poverty Index.²⁷⁸

The Economic Policy Institute Snapshot for July 19, 2006 stated:

The Figure showing child poverty rates both before and after government intervention for 16 developed countries indicates that the average rate of child poverty in the US without governmental assistance was 21.1%. That is, the distribution of income based solely on market outcomes left about a fifth of children in poverty. Before taxes and transfers, the United States had one of the highest market-based rates of child poverty in 2000: 26.6%. Four other

²⁷³ Secretaries of State Debra Bowen of California and Robin Carnahan of Missouri on Voting Issues in a Year of Soaring Turnout: http://www.democracynow.org/2008/5/2/california_secretary_of_state_debra_bowen

²⁷⁴ <http://www.cbsnews.com/stories/2006/11/08/politics/main2162291.shtml>

²⁷⁵ Ibid

²⁷⁶ Zweig, Michael What's Class Got to do With It, American Society in the Twenty-first Century. ILR Press (2004)

²⁷⁷ Kenworthy, L. (1999). Do social-welfare policies reduce poverty? A cross-national assessment. *Social Forces*, 77(3), 1119-1139.

Bradley, D., Huber, E., Moller, S., Nielson, F. & Stephens, J. D. (2003). Determinants of relative poverty in advanced capitalist democracies. *American Sociological Review*, 68(3), 22-51.

²⁷⁸ United Nations Development Programme. (May, 2006). Human Development Report Data: Population living below 50% of median income.. Retrieved on 2007-11-08: <http://hdr.undp.org/en/statistics/>

countries—New Zealand, France, the United Kingdom, and Ireland—had comparably high market rates of child poverty.

The figures show that US policies were relatively ineffective in supplementing poverty-level incomes to keep children out of poverty. After taking into account the taxes (including refundable taxes) and transfers, the US still led the 16 developed countries in child poverty. On average, government taxes and transfers in the other 15 countries reduced child poverty significantly—by about half—dropping 10.4 percentage points to 10.7%. France had the largest redistributive decline of 20.2 percentage points to a child poverty rate of 7.5%. By contrast, the US rate was reduced by just 4.7 percentage points to 21.9%—by far the highest child poverty rate of all 16 developed countries, even after government assistance.

Government policies, such as tax policy and transfers, have the potential to greatly reduce high child-poverty rates that would otherwise prevail if left solely to the market incomes families receive from work and other sources. The anti-poverty effectiveness of such policies varies considerably across countries. Compared to other industrialized nations, the United States is woefully lagging: even after government intervention over one-fifth of all US children were living in poverty in 2000.²⁷⁹

Those under the age of 18 were the most likely to be impoverished. In 2001 the poverty rate for minors in the United States was again the highest in the industrialized world, with 14.8% of all minors and 30% of African-American minors living below the poverty threshold. Moreover, the standard of living for those in the bottom 10% was lower in the US than in any other developed nation except the United Kingdom, which had the lowest standard of living for impoverished children. In 2006, the poverty rate for minors in the United States was 21.9%, maintaining the highest child poverty rate in the developed world.

The Census Bureau reported this year that 36.5 million US citizens, or 12.3 percent were living in poverty last year. It was 12.6 percent in 2005. The National Academy of Sciences (NAS) notes a higher number of US citizens living in poverty 14.2 percent.²⁸⁰ One in six children, that means 17.4 percent of all US children are living below the poverty line.²⁸¹ They live in families who are of necessity making hard choices between food, health care, heat and rent.²⁸²

Sheldon Danziger, co-director of the National Poverty Center at the University of Michigan said Lyndon Johnson and his plan for “The Great Society” in the 1960's was the last project to launch a major initiative aimed at eradicating poverty.²⁸³

Poverty is defined as families with incomes below one-half the median income for that country, which is a traditional poverty measure for international comparisons. In the poverty data the

²⁷⁹ Economic Policy Institute: http://www.epi.org/content.cfm/webfeatures_snapshots_20060719

²⁸⁰ The most comprehensive of the Census Bureau's alternative measures, based on recommendations by the National Academy of Sciences (NAS). The results from these alternative poverty measures tend to show similar or slightly higher poverty rates than the official poverty measure. Center on Budget and Policy Priorities: <http://www.cbpp.org/8-28-07pov.htm>

²⁸¹ Center on Budget and Policy Priorities: <http://www.cbpp.org/8-28-07pov.htm>

²⁸² Poverty in the United States: http://en.wikipedia.org/wiki/Poverty_in_the_United_States

²⁸³ Poverty and Prosperity: Prospects for Reducing Racial/Ethnic Economic Disparities in the United States: [http://www.unrisd.org/unrisd/website/document.nsf/\(httpPublications\)/ED2687548CA0C7C380256B6D0057867E?OpenDocument](http://www.unrisd.org/unrisd/website/document.nsf/(httpPublications)/ED2687548CA0C7C380256B6D0057867E?OpenDocument)

Census Bureau released this year, US citizens are considered poor if their annual incomes in 2006 were below \$16,079 for a three-person family, equivalent to \$1,340 a month. For a family of four, the poverty line was \$20,614 a year, or \$1,718 a month. These amounts are modest. For example, the typical rent paid by US renters in 2005 was \$717 a month, or \$8,598 on an annualized basis.²⁸⁴

The Census Bureau estimates show that the poverty rates for children and working-age adults are roughly the same as they were in 1980. In contrast, the poverty rate for the population age 65 and older has decreased considerably over time, from 16 percent to 9 percent between 1980 and 2006. But the child poverty rate—17 percent—in 2006 was nearly double the rate for elderly US citizens.

Primary attention is to be paid to the labor market, as most economists agree that the main cause of growing inequality over this period was the rising value of worker skills to employers. That is, earnings differentials between the most educated and least educated, and most experienced and least experienced workers increased dramatically. That is why we can see a decrease in poverty rates among elderly US citizens who have worker skills and experience. But as mentioned, attention should be paid to the US educational system's performance.²⁸⁵

A report issued by America's Promise Alliance found that seventeen of the nation's 50 largest cities had high school graduation rates lower than 50 percent. Nationally, about 70 percent of US students graduate on time with a regular diploma and about 1.2 million students drop out annually.²⁸⁶

When more than 1 million students a year drop out of high school, it's more than a problem, it's a catastrophe.²⁸⁷

said former Secretary of State, Colin Powell, founding chair of the alliance.

Another issue of the US schooling system is perpetual segregation. The chief academic authority on this issue, Gary Orfield, of the Harvard Graduate School of Education, has been persistent in documenting the scale of segregation, and attacking its presumed educational effects. According to Orfield and his colleagues, writing in 2004:

American public schools are now 12 years into the process of continuous resegregation.... During the 1990's, the proportion of black students in majority white schools decreased to a level lower than in any year since 1968.²⁸⁸

²⁸⁴ American Housing Survey: 2005, Table 4-13: <http://www.census.gov/prod/2006pubs/h150-05.pdf>.

²⁸⁵ Poverty and Prosperity: Prospects for Reducing Racial/Ethnic Economic Disparities in the United States: [http://www.unrisd.org/80256B3C005BCCF9/\(httpPublications\)/ED2687548CA0C7C380256B6D0057867E?OpenDocument](http://www.unrisd.org/80256B3C005BCCF9/(httpPublications)/ED2687548CA0C7C380256B6D0057867E?OpenDocument)

²⁸⁶ Report: Many big city graduation rates below 50%: <http://edition.cnn.com/2008/US/04/01/school.grad.rates.ap/>

²⁸⁷ Ibid

²⁸⁸ A Multiracial Society with Segregated Schools, Are We Losing the Dream?: <http://www.civilrightsproject.ucla.edu/research/reseg03/resegregation03.php>

There are also outrageous inequities in expenditures on the education of each child, as documented by the writer, teacher and civil rights activist Jonathan Kozol. In the five years up to the writing of *The Shame of the Nation: The Restoration of Apartheid Schooling in America*, Kozol visited approximately 60 schools, in 30 school districts, in 11 states, to document that segregation and a low level of education is a nationwide problem of the United States in the 21st century.

Analysis done by Emmanuel Saez, an economist at the University of California, Berkeley, who analyzed Internal Revenue Service data and Thomas Piketty of the Paris School of Economics showed, that the top 10 percent of US citizens collected 48.5 percent of all reported income in 2005.²⁸⁹

The income going to the richest 1 percent has gone up three-fold in real terms in the past twenty years, while the income of the poorest 40 percent went up by a more modest 11%. That is an increase of more than 2 percentage points over the previous year and up from roughly 33 percent in the late 1970s. The peak for this group was 49.3 percent in 1928.²⁹⁰

The Internal Revenue Service estimates that it is able to accurately tax 99 percent of wage income but that it captures only about 70 percent of business and investment income, most of which flows to upper-income individuals, because not everybody accurately reports such figures.²⁹¹

The overall share of federal taxes paid by US corporations is now less than 10 percent, down from 21 percent in 2001, and more than 50 percent during World War II. One-third of America's largest and most profitable corporations paid zero taxes in at least one of the first three years in the new millennium. In 2002 US corporations deposited \$149 billion in tax-haven countries such as Ireland, Bermuda, Luxembourg, and Singapore.²⁹²

BBC economics reporter Steve Schifferes looks at the gap between rich and poor in the US, which he says is the widest in 70 years, according to a new study published by the Center for Budget and Policy Priorities.

Schifferes comments on newly released figures from the non-partisan Congressional Budget Office:

1 percent of the population - who earn an average of \$862,000 each after tax (or \$1.3m before tax) - receive more money than the 110 million US citizens in the bottom 40 percent of the income distribution, whose income averages \$21,350 each year.

The richest Americans have got richer in the past two decades. In 1979, the top 1% received just 7.5% of national income, compared to 15.5% in 2000.

²⁸⁹ The gap between rich and poor grows in the United States: <http://www.iht.com/articles/2007/03/29/business/income.4.php>

²⁹⁰ US inequality gap widens: <http://news.bbc.co.uk/2/hi/business/3138232.stm>

²⁹¹ Ibid

²⁹² John Perkins, *Secret History of the United States*, pg. 294

The share of the poorest 40%, in contrast, declined from 19.1% to 14.6%.

In fact, the share of income received by the bottom 80% of Americans declined in the past twenty years.

Only the top fifth increased their share, with their real incomes going up by 68%.

Much of the growth in income at the top has come from the extraordinary growth in executive pay, coupled with strong earnings growth among highly-educated professionals like doctors and lawyers.

INCOMES OF RICH AND POOR IN THE US 1979 - 2000

	1979	2000
Bottom 20%:	\$12,600	\$13,700
Middle 20%:	\$36,400	\$41,900
Top 20%:	\$84,000	\$141,400
Top 1%:	\$286,300	\$862,700

After-tax household income

source: Center for Budget and Policy Priorities, CBO.

Changes in the tax system have also favored the rich.

US INCOME DISTRIBUTION

Bottom 20%:	4.9%
Second 20%:	9.7%
Middle 20%:	14.6%
Fourth 20%:	20.2%
Top 20%:	51.3%
Top 1%:	15.5%

% share of total after-tax income

source: Center for Budget and Policy Priorities, CBO.

The effective Federal tax rate on the top 1 percent dropped from 37 percent in 1979 to 33.2% in 2000.

The tax rate for the middle fifth of the income distribution also went down, but by less, from 18.6 % to 16.7 %.

The two big tax cuts passed by the Bush administration in 2001 and 2003 - which are not taken into account in this study - will increase that inequality further.

According to the Urban Institute-Brookings Tax Policy Center, the top 1 percent will gain on average 4.6 percent in after-tax income (or \$26,000 per household) while the middle fifth of the population gains only 2.6% (\$676 per household).

Even though the fall in the stock market, since 2000, has reduced the income of the rich, the gap between rich and poor in the US grew vaster. In 1996 The Congress of International Confederation of Free Trade Unions representing over 150 million workers noted that the gap between rich and poor in the US was growing faster than anywhere else:

Three-quarters of the income gains during the 1980s went to the top 20 per cent of the families, who now control more than 55 per cent of all wealth. The rest - 80 per cent of all US households - get to split the rest.

The richest one per cent of the households in the United States now control about 40 per cent of the nation's wealth - twice as much as the figure in Britain, which has the greatest inequality in Western Europe. In Germany, high wage families earn about 2.5 times as much as low wage workers; the number has been falling. In America the figure is above four times, and rising.

The standard of living of the average US worker continues to decline. The real wages of US production workers have dropped by 20 percent during the past 20 years, as millions of decent, well-paying jobs have disappeared. Between 1947 and 1973 the median paychecks of US workers more than doubled—and the bottom 20 percent enjoyed the biggest gains. But since 1973, median earnings have fallen by about 15 percent, and the bottom 20 percent have fallen the furthest behind. More than 40 percent of all earnings gains have gone to the richest 1 percent.

In the United Kingdom, almost seventeen years of Conservative government have produced a society in which poverty and inequality is rising and standards of education and health care are getting progressively worse. The share of wealth owned by the top 10 % of the population rose from 50 percent to 53 percent between 1976 and 1989. This reversed the previous fifty-year trend of wealth distribution becoming more equal. The top 1 percent of the population (about 600,000 people) each owned more than £250,000 (\$450,000) in 1989. The income earned by the top 10 percent rose by 62 percent between 1971 and 1992 while the income of the poorest 10 percent fell by 17 percent.

An international comparison of share of consumption by the top 20 percent over the bottom 20 percent in developing countries shows that in India the rich consume 4.5 times as much as the poor, compared with 4.9 times as much in Indonesia, 7.3 times in Jordan, 13.6 times in Mexico, 15.6 times in Zimbabwe, 26.1 times in Tanzania and an incredible 32.1 times in Brazil.²⁹³

²⁹³ AFL-CIO, UNDP, New York Times, Independent Sixteenth World Congress of the ICFTU: <http://www-old.itsilo.org/actrav/actrav-english/telearn/global/ilo/seura/icftu1.htm>

Gore Vidal comments that most US citizens think they have the highest standard of living in the world. But it is not so, as the figures above show.

Social movements have brought US workers a long way but the tradition of individualism, protestant values, and the Hollywood-nourished fiction of the self-made man is creating a great barrier for such movements. It provides the oligarchic government with false moral values, which they use to crush labor unions fighting for raising of minimum wages, workers' dignity and security.

The American dream is rather a sadomasochistic illusion of a hard-working hero, projected into the minds of the US citizens by their commercial leaders. While there are only a few who get rich by honest work (more likely by stealing smarter than the others), millions of US citizens suffer, working two or even three jobs to support a family.

For a long time the US was a very rich country, so the gap between rich and poor was easier to hide. The standard of living was not as low as it is now.

Gore Vidal explains:

When the going was good, there weren't too many complaints, there was enough for almost everybody. But now that the US is a declining power in the world, questions are being asked. Why do we have the system? Where did it start? What did the inventors of the Constitution really have in mind? The answer to the last question is simple. The protection of property. In the Declaration of Independence the phrase was, in the original document, life, liberty and property.²⁹⁴ The phrase was taken from philosopher Locke. But Jefferson had always got nervous when a spade was called a spade. So he changed the word "property" to "the pursuit of happiness."²⁹⁵

Vidal then discusses the last component of the phrase and argues that any crime could be committed and then justified as an individual pursuit of happiness. As Vidal stated, "Questions are being asked". I hope this work has answered why the United States has its system, but in the end I would like to also stress why the US and many other countries, still have such undemocratic systems of a representative oligarchy. In my opinion, democracy cannot be representative, then it's not democracy but a republic, and I see a great difference between the principles of republic and democracy. In any case, the reason why we are still, in the 21st century, governed by a minority, is the Public Relations business.

²⁹⁴ An alternative phrase "life, liberty and property", is found in the Declaration of Colonial Rights, a resolution of the First Continental Congress in 1774.

²⁹⁵ The words of Thomas Jefferson, in the Declaration, were a departure from the orthodoxy of Locke. Locke's phrase was a list of property rights a government should guarantee its people; Jefferson's list, on the other hand, covers a much broader spectrum of rights, possibly including the guarantees of the Bill of Rights such as free speech and a fair trial. The change was not explained during Jefferson's life, so beyond this, one can only speculate about its meaning.

Half of the bankruptcies in the US are a cost by the high prices of the health care. And most US citizens who live under poverty line work full time.²⁹⁶

According to the Institute of Medicine of the National Academy of Sciences, the US is the only wealthy, industrialized nation that does not have a universal health care system.²⁹⁷ A new study released in April 2008 from the Kaiser Family Foundation shows nearly one-third of Americans have faced major difficulties paying for medical care or health insurance in the past year. One-quarter of workers say they made job decisions based primarily on health-care considerations.²⁹⁸

New figures also show home foreclosures continue to rise in the 1st quarter of 2008. According to RealtyTrac, more than 155,000 families have lost their homes to foreclosure this year. That's more than double the number over the same three-month period last year. Of particular note, both the number and the percentage of children who are uninsured increased for the second straight year in 2006 — to 8.7 million, or 11.7 percent, of all children. In 2005, the comparable figures were 8.0 million and 10.9 percent of children; in 2004, the figures were 7.7 million and 10.5 percent.²⁹⁹

The percentage of Americans who lack health insurance stood at 16 percent in 2006, up from 15.3 percent in 2005. The number of people who are uninsured rose by 2.2 million in 2006, to 47 million, the highest level on record (with comparable data going back to 1999).³⁰⁰

A recent study found that between 1997 and 2003, preventable deaths declined more slowly in the United States than in 18 other industrialized nations.³⁰¹

When thinking about poor people in the United States, most imagine African-Americans, troublemakers who we think are just lazy. The reality is that there are far more poor white people in the US—more than twice as many—as there are poor African-Americans. And most of the US citizens who live below the poverty threshold, work full-time but they cannot earn enough, and have no health coverage, they have nothing to fall back on, and they do not save anything. After a decade unchanged, the national minimum wage was raised to only \$7.25 an hour.³⁰²

²⁹⁶ John Edwards on Poverty:

<http://youtube.com/watch?v=83QcdhON4T8>

²⁹⁷ Institute of Medicine at the National Academies of Science, 2004-01-14, accessed 2007-10-22:

<http://www.iom.edu/?id=17848>

²⁹⁸ Health IN the Economy:

http://www.kff.org/pullingittogether/healthineconomy_altman.cfm

²⁹⁹ Center on Budget and Policy Priorities:

<http://www.cbpp.org/8-28-07pov.htm>

³⁰⁰ Center on Budget and Policy Priorities:

<http://www.cbpp.org/8-28-07pov.htm>

³⁰¹ Ellen Nolte and C. Martin McKee, "Measuring the Health of Nations: Updating an Earlier Analysis," Health Affairs, January 8, 2008, Volume 98:

<http://content.healthaffairs.org/cgi/content/abstract/27/1/58?ijkey=05uD000683MNE&keytype=ref&siteid=healthaff>

The fruits of poverty; The wealth of supermarkets is built on monopoly, exploitation and restriction of choice, George Monbiot:

<http://www.guardian.co.uk/politics/2004/mar/16/globalisation.economy>

³⁰² John Edwards speech, Dem. presidential candidate 2008: <http://youtube.com/watch?v=83QcdhON4T8>

5.4. Signs of a Police State Heading Towards a Fascist Rule

There are great and logical changes on the markets. In monopoly capitalism surplus value—profit—has to be reinvested. Once there is no new market, the business cannot rejuvenate. Once the capitalists cannot keep the capital growing, it will start vanishing through inflation, and the only way for the capitalists to stay in power, will be using their military power, and they know it. That is why we see United States shifting towards a fascist dictatorship. This process is described by Naomi Wolf in her book *The End of America*.

If you look at history, you can see that there is essentially a blueprint for turning an open society into a dictatorship. That blueprint has been used again and again in more and less bloody, more and less terrifying ways. But it is always effective. It is very difficult and arduous to create and sustain a democracy—but history shows that closing one down is much simpler. You simply have to be willing to take the 10 steps.³⁰³

In her book, Wolf takes a historical look at the rise of fascism, outlining 10 steps necessary for a state to take control of individuals' lives:

1. Invoke a terrifying internal and external enemy.
2. Create secret prisons where torture takes place.
3. Develop a thug caste or paramilitary force not answerable to citizens.
4. Set up an internal surveillance system.
5. Harass citizens' groups.
6. Engage in arbitrary detention and release.
7. Target key individuals.
8. Control the press.
9. Treat all political dissents as traitors.
10. Suspend the rule of law.

The book explains how this pattern was followed in Mussolini's Italy and Nazi Germany as well as elsewhere, and compares this to the current state of affairs in US politics since September 11, 2001. Since then, new laws have been passed such as the famous *USA Patriot Act of 2001*, and the *Military Commissions Act of 2006*, which basically make it possible for US citizens as well as non-US citizens to be designated “unlawful enemy combatants.” These laws can be read to include anyone who has donated money to a charity for orphans in Afghanistan that turns out to have some connection to the Taliban, or even a person organizing an anti-war protest in Washington, D.C. The 2008 amendment to the 1978 *Foreign Intelligence Surveillance Act (FISA)*, which passed through the Congress on 9 July 2008, is the most recent law shifting the United States towards a police state. Federal judge Richard Posner opined that FISA “retains value as a framework for monitoring the communications of known terrorists, but it is hopeless as a framework for detecting terrorists. FISA requires that surveillance be conducted pursuant to warrants based on probable cause to believe that the target of surveillance is a terrorist, when the

³⁰³ Naomi Wolf, Fascist America, in 10 easy steps, The Guardian, Tuesday April 24 2007
<http://www.guardian.co.uk/world/2007/apr/24/usa.comment>

desperate need is to find out who is a terrorist.”³⁰⁴ In other words it legalizes government spying on all US citizens, even without a court order.

President Bush has admitted he secretly ordered the National Security Agency to eavesdrop on Americans without ever seeking court approval.³⁰⁵ Christopher Pyle, Professor of Politics at Mt. Holyoke, when asked what was his response when he heard about what the National Security Agency had been authorized to do by the President, replied:

Not terribly surprised, but the one piece of it that amazes me is that the President admitted that he personally ordered the National Security Agency to violate a federal statute. Now, he has no Constitutional authority to do that. The Constitution says he must take care that all laws be faithfully executed, not just the ones he likes. The statute says it's that the Foreign Intelligence Surveillance Act is the exclusive law governing these international intercepts, and he violated it anyway. And the law also says that any person who violates that law is guilty of a felony, punishable by up to five years in prison. By the plain meaning of the law, the President is a criminal.³⁰⁶

The House Democratic leaders call the FISA law a bipartisan compromise, because instead of giving blanket retroactive immunity to phone companies that facilitated the President's spy program, it routes the grants of immunity through a district court. As long as the companies can demonstrate to a judge that they were instructed to spy on Americans by the President or the Bush administration, they would be spared the trouble of litigating. At this point there is more than forty lawsuits against them, and many more are expected.³⁰⁷ This means further legalization of the 'Big Brother' like tactics to spy on US citizens.

Also, Halliburton has built new prisons on US soil. US already today has the world's largest prison population. And it is rapidly rising. According to an analysis by the Pew Charitable Trusts in 2007, the number of inmates in US prisons likely will rise nearly 13 percent during the next four years. The Pew report projects the nation's prison population will be about 1.72 million by 2011, up from an estimated 1.53 million at the end of last year. Such an increase would roughly double the current population of the federal prison system.³⁰⁸ In 2008, for the first time in the nation's history, more than one in one hundred US adults is behind bars. The prison population grew by 25,000 last year, bringing it to over 1.5 million. Another 723,000 people are in local jails. So, one in every 99.1 adults in the US is behind bars.³⁰⁹ The United States has less than 5 percent of the world's population. But it has almost a quarter of the

³⁰⁴ A New Surveillance Act, Wall Street Journal February 15, 2006

<http://online.wsj.com/article/SB113996743590074183-search.html>

³⁰⁵ An Impeachable Offense? Bush Admits Authorizing NSA to Eavesdrop on Americans Without Court Approval, December 19, 2005 http://www.democracynow.org/2005/12/19/an_impeachable_offense_bush_admits_authorizing

³⁰⁶ An Impeachable Offense? Bush Admits Authorizing NSA to Eavesdrop on Americans Without Court Approval, Democracy Now http://www.democracynow.org/2005/12/19/an_impeachable_offense_bush_admits_authorizing

³⁰⁷ "One of the Greatest Intrusions, Potentially, on the Rights of Americans Protected Under the 4th Amendment"—Sen. Feingold Blasts Telecom Spy Bill, Democracy Now June 24 2008

<http://www.democracynow.org/2008/6/24/feingold>

³⁰⁸ New report: US prison population rising rapidly

<http://www.wbir.com/news/national/story.aspx?storyid=42255>

³⁰⁹ 1 in 100 US Adults Behind Bars, New Study Says, The New York Times, February 28, 2008

<http://www.nytimes.com/2008/02/28/us/28cnd-prison.html>

world's prisoners. The United States has by now 2.3 million people behind bars, more than any other nation, according to data maintained by the International Center for Prison Studies at King's College London.³¹⁰

The private mercenary army, known for its excesses in Iraq, Blackwater, is now also operating on US soil. In 2005 they were present in the streets of New Orleans after hurricane Katrina. Jeremy Scahill, author of *Blackwater: The Rise of the World's Most Powerful Mercenary Army*, following Blackwater's unpunished killings around the globe, was shocked when he learned that Blackwater was contracted by the federal and Louisiana state governments. He said at the time:

Blackwater mercenaries are some of the most feared professional killers in the world and they are accustomed to operating without worry of legal consequences. Their presence on the streets of New Orleans should be a cause for serious concern for the remaining residents of the city and raises alarming questions about why the government would allow men trained to kill with impunity in places like Iraq and Afghanistan to operate here. Some of the men now patrolling the streets of New Orleans returned from Iraq as recently as 2 weeks ago.³¹¹

Laws stripping US citizens off their civil rights are accompanied by heavy militarization of the new US Department of Homeland Security. The police pretend to be after terrorists, when in fact they are after the actual or, sometimes, merely possible, civil disobedience of US citizens. In 2000 over a dozen people found *I-Witness*. It is an activist organization which is recording political protests across the US to help the protesters who have been harassed by the police or have been charged by the police.

The first action the *I-Witness* covered was in the Republican convention in Philadelphia in the year 2000. Their tapes were used to help defend people there. Clocks are set at the right time on their cameras, which is very important for being able to prove the police misstatements when something happened. During the convention, a man was arrested on the streets of Philadelphia and held on a half-million-dollars bail. Terrence McGuckin, a police officer said that he was doing something in a certain period of time in a certain part of town, but the *I-Witness* had a tape that showed he was across town and it could not have occurred that way. So even though he had this large dollar bail against him, and terrible charges against him, the case was dismissed. The video activists continued recording demonstrations over the years, until their biggest challenge, the Republican convention in New York City in 2004. There are still cases being settled in court right now as a result of *I-Witness* Video. The founder of *I-Witness*, Eileen Clancy says:

What happened was we documented the convention protests in partnership with the National Lawyers Guild, and then we work with them to help defend people who had been arrested at demonstrations. There were 1,800 people arrested. And the New York Times figured out that there were about 400 individuals whose cases were either dismissed or acquitted, solely based on the video. And the

³¹⁰ Inmate Count in US Dwarfs Other Nations', The New York Times, April 23, 2008

<http://www.nytimes.com/2008/04/23/us/23prison.html>

³¹¹ Blackwater Mercenaries Deploy in New Orleans, Truthout, ReportSaturday 10 September 2005

http://www.democraticunderground.com/discuss/duboard.php?az=view_all&address=132x2084006

reason for that is it contradicted police officers' statements in such an extreme way that basically the cases were thrown out, or they were considered not believable. And what we learned was, it turned out, much more than we would have imagined, that police were lying in their sworn affidavits about the charges.... We were able to find out that the police were using *agents provocateurs*. We were able to find out—we were very surprised—that the district attorney's office was faking video evidence,³¹² police video evidence. And we were able to show that the police officers lied in many instances.³¹³

Why is this so crucial? When the system cannot create more capital, and crises occur, the only thing governments are left with is their military power, which in the US case is where huge amounts of their profits have been invested over the past 50 years. One thinks immediately of Naomi Klein's concept of the "shock doctrine" or of "disaster capitalism".

The US is also giving rich military aid to elites of other countries to protect the US capital over there, and keep the people under the neoliberal rule of globalization. With NAFTA agreement this process of exploitation has been accelerated and legally protected. The latest US initiative in Mexico is attracting scrutiny. Last month, the Bush administration and the Democratic-led Congress agreed on *Plan Mexico*, a \$400 million program to fight Mexican drug trafficking. Much like its predecessor, *Plan Colombia*, the Mexico initiative has been criticized for emphasizing militarization and security rather than addressing social and economic causes. The bulk of the money will go to military contractors and Mexico's armed forces. The final version of the bill also omits several key provisions that would have linked funding to human rights.³¹⁴

Roberto Lovato, a frequent contributor to *The Nation* magazine, traveled the US interviewing citizens and non-citizens who are experiencing raids, violence, or state violence, with increasing frequency. In an interview with Amy Goodman, he said:

Well, we are watching the birth of what some people, like Deepa Fernandez and others, are calling the military-industrial-migration complex, a set of interests, economic, political, that are profiting politically and economically from this new, what I would call a war on immigrants. If, say, the drones at the border or the National Guard at the border or the fact that the ICE, the immigration agency, is in fact the most militarized arm of the federal government besides the Pentagon—a lot of people do not know this—and so, if you look at that, those are indicators of a war, of an enemy. And so, we know from Iraq that the government acts not just out of what it says it is going to do, but for other reasons. So why not apply

³¹² What happened in the 2004 demonstrations is, in one instance, I discovered that there were two different copies of the same police videotape, and the district attorney had given a defense attorney a copy of a police tape for use at a trial and said, "This is our evidence against you. This is our video evidence against you." And I found a copy of the police tape with a lot more video, and it then was handed over as evidence. And it turned out that the Manhattan district attorney's office had removed two sections—and that would have to be deliberate; you can't do this by mistake—two entire sections of several minutes, the sections that showed that the man who had these charges, Alexander Dunlop, was innocent of the charges. And it was extraordinary. And when that was discovered, the district attorney immediately dropped all the charges.

³¹³ NYPD Officer Caught on Tape Body-Slamming Cyclist During Critical Mass Ride August 1 2008

http://www.democracynow.org/2008/8/1/i_witness_video_nypd_officer_caught

³¹⁴ Plan Mexico and the US-Funded Militarization of Mexico July 31 2008

http://www.democracynow.org/2008/7/31/plan_mexico

that logic to what is happening with immigration? Because I think immigration is about controlling immigrant workers, putting fear in them, and I think it is about electoral machinations that we are seeing, especially by the Republicans, and also a lot of Democrats. But it is also about the crisis of legitimacy in the state itself. I think there is a crisis afoot. And when there is a crisis, you want to bring in as many people with guns within. And so, there is a lot of companies that are benefiting, like Blackwater, like—does this sound familiar?—Halliburton is building immigrant prisons. All these electronic surveillance companies are getting multimillion-, multibillion-dollar contracts, in the case of Boeing, to surveil, jail and harass immigrants. And so, you know, this whole anti-immigrant moment is extremely profitable for the stock portfolios of a lot of companies.³¹⁵

Terrorizing the immigrant workers is a way to keep them scared and working for low wages. This also has the effect of lowering the wages of US citizens. And, of course, it is a great business, as Roberto Lovato said. Speaking specially of Blackwater, Jeremy Scahill describes its market:

If there is one quality that is evident from examining Blackwater's business history, it is the company's ability to take advantage of emerging war and conflict markets. Throughout the decade of Blackwater's existence, its creator, Erik Prince, has aggressively built his empire into a structure paralleling the US national security apparatus.³¹⁶

Very secretly, but surely, Blackwater is moving into the world of privatized intelligence services. Scahill reported this in April 2006:

Prince quietly began building Total Intelligence Solutions, which boasts that it "brings CIA-style" services to the open market for Fortune 500 companies. Among its offerings are "surveillance and counter surveillance, deployed intelligence collection, and rapid safeguarding of employees or other key assets." Former CIA division chief and senior analyst Melvin Goodman said: "My major concern is the lack of accountability, the lack of responsibility. The entire industry is essentially out of control. It is outrageous."³¹⁷

This is happening. "The War on Terror" became a business brand for government sales of citizens' civil liberties to private corporations. In February 2007, Total Intelligence Solutions opened for business. Scahill says "it is a fusion of three entities bought up by Prince: the Terrorism Research Center, Technical Defense, and The Black Group—Blackwater vice chair

³¹⁵ US Citizens, Lawful Residents Sue Government for Illegal Detention in LA Immigration Raid, Democracy Now, 1 May, 2008. On February 7th, 2008, hundreds of agents from the Department of Homeland Security and Immigration and Customs Enforcement, known as ICE, raided a Los Angeles company called Micro Solutions. During the raid, US agents arrested 138 immigrant workers. In addition, armed ICE agents detained 114 workers who were US citizens or lawful permanent residents. Emphasis mine.

(http://www.democracynow.org/2008/5/1/us_citizens_lawful_residents_sue_us)

³¹⁶ Ibid.

³¹⁷ Blackwater's Private Spies, The Nation, 5 June 2008
<http://www.thenation.com/doc/20080623/scahill>

Cofer Black's consulting agency. The company's leadership reads like a Who's Who of the CIA's 'war on terror' operations after 9/11."

Blackwater's mercenaries are trained for operating in war zones. Most of them even enjoy war. They call it "action" and look forward to it. Its involvement in the US homeland security programs is a bad sign. Letting mercenaries accustomed to killing with no legal consequences become spies involved in homeland security, is madness. Naomi Wolf does not speak of mercenary armies operating within homeland borders. I would suggest it to be an eleventh step, which means the US government is making progressive moves towards absolute control over its citizens.

Federal and state law enforcement officials in Colorado plan to increase intelligence operations during the Democratic National Convention in Denver 2008, and run a fusion center, where intelligence analysts will collect and analyze reports of suspicious activity. Civil rights advocates fear the fusion center could enable unwarranted spying on protesters exercising their First Amendment rights at the convention.

How are the fusion centers a development from previous intelligence-gathering mechanisms since 9/11? There was the *Tips* program, and the *Joint Terrorism Task Force*. But where do the fusion centers fit in?

Mike German, National Security Policy Counsel for the American Civil Liberties Union, was an FBI agent specializing in domestic counterterrorism from 1988 to 2004 says:

It is interesting. Fusion centers sort of started organically around the country. It seemed like state and local law enforcement were frustrated with the *Joint Terrorism Task Force's* ability to break down the classification rules and actually share information with them, so they started creating their own networks to share state police information. And once the federal government saw those and saw them working, they started pouring in resources and sort of changing the nature of them to really encourage them to state and local law enforcement authorities and these other entities in the fusion centers to become intelligence collectors for the intelligence community, the federal intelligence community. Those earlier programs—*Tips* and *Matrix*, and those kind of programs, were centralized within the federal government, so it was easy for the civil liberties community and the privacy community to focus their efforts and get those things stopped. This is much more difficult, because the federal government is saying, no, these are not federal entities, they are state entities. So instead of one focal point, there have to be fifty, and each one is actually different, because they did grow up organically. And not all of them are engaged in the same sorts of behavior, so it is very difficult to generalize about what is going on. It is really incumbent upon every local community to start asking questions of their local police departments and their local government officials to find out exactly what is happening in their neighborhood. In Los Angeles, where, after 9/11, the very first fusion center, the *Los Angeles County Terrorism Early Warning Center*, the co-founder of that center contacted the US Northern Command after 9/11 and started a conspiracy to

steal Military Intelligence records that later involved at least seven law enforcement officers and military reservists in this theft scheme, stealing military surveillance records apparently pertaining to southern California mosques. It is unclear why the military has those records in the first place, but the fact that this group could operate for five years stealing these highly classified records sort of is the perfect storm of the issues that we brought up in our earlier report, that this is a real problem that needs to be addressed, because it wasn't any internal controls that discovered this theft ring. It was actually discovered by accident, when the Marine Corps down in Camp Pendleton was searching for stolen Iraq war booty and searched a storage locker here in Manassas, Virginia and found not just the stolen Iraq war trophies, but also boxes of highly classified records. And that is how this ring was stopped after five years.³¹⁸

There is a document that has been made public before that was compiled by the Secret Service, in charge of the Republican convention in New York City. And the Secret Service is the lead agency for these national special security events, like all the presidential conventions. This document was presented by Steven G. Hughes, who was the agent in charge of the 2004 convention, and happens to be the agent in charge of the Democratic convention in Denver this year. It shows the structure of the committees which were monitoring the civilians. And there is a subcommittee of a law enforcement and public safety group that is on intelligence and counterterrorism. Eileen Clancy says:

What is fascinating about it, besides we know that the FBI and the police department and the Secret Service were involved, the members of this committee include the CIA, the Department of Defense, DIA, which is the Defense Intelligence Agency, and it also includes something called TTIC, which is the Terrorist Threat. I think it is Integration Center, if I am getting that right, or maybe it is "Information." And what happens for these national security special events like the conventions is that they make their own fusion center just for this event. It is like an ad hoc special project. And what it says is that through this intelligence fusion center and the Joint Terrorist Task Force fusion center, this subcommittee achieved its primary objective of sharing threat and then it says, "demonstration intelligence" among the subcommittee members. The point here is that the CIA, the Defense Department and the upper reaches of the federal—what they call the intelligence community, believe it or not, they are having access to intelligence, what they call "intelligence" about demonstrations. I might just call it information, but they seem to need to share it. Now, I do not even know if it is legal for the CIA to be involved in domestically to this extent, but there is the Department of Defense.³¹⁹

What is the legality of the CIA and the military being involved in domestic operations? Mike German comments:

³¹⁸ Colorado "Fusion Center" to Step Up Intelligence Gathering During DNC; US Northern Command to Play Role, August 1 2008 (http://www.democracynow.org/2008/8/1/colorado_fusion_center_to_step_up)

³¹⁹ Ibid.

It is very ambiguous. And, this is not just something that is happening in the future. It is happening in the future in Colorado, but it is actually going on now elsewhere. In January, the Director of National Intelligence issued functional standards for suspicious activity reporting to get all the police departments and all the different agencies and elements involved in the fusion centers to report suspicious activity in a standardized format, for the purpose of uploading this information into the information sharing environment, so the information could be shared easily among the various fusion centers, but also with the intelligence community. So, basically, what this system is doing is creating a—basically deputizing every state and local law enforcement officer to be an intelligence collector for the intelligence community. This information is being directly created in a way so it is accessible by these intelligence agencies. And part of the problem is that it is unclear what the rules are. When you see something like the CIA participating on these panels and the military involved, it is unclear who is actually in charge, and that is really a large part of the problem that we are seeing as these things are moving forward, because the information is already being collected. Right after the DNI put out those standards, the Los Angeles Police Department issued an order compelling their officers to report criminal and non-criminal suspicious behavior that can be indicative of terrorism, and they listed sixty-five behaviors. One warning I will put out there, because of the early part of this story, one of the precursor behaviors to terrorism that is identified in the order is taking video. And we put in our report a couple of instances where people taking video were stopped by police officers simply for taking pictures or video. And in some cases, particularly where they are taking photographs or video of police, it actually resulted in arrests. So, you know, when you are out there with your video camera, a police officer reading this report may say that is a precursor behavior to terrorism.³²⁰

Recent revelations shows, that the Maryland State Police have been spying on activists against the death penalty and antiwar activists. However, many people hope, that when Mr. Bush is out of the office, things will change. But the laws which have been passed and described mutation of the police into a secret service apparatus spying on political activists is going to stay. This administration led by neoconservatives has managed to bring along great and permanent change.

During the Republican convention in New York, 2004, Clancy says, “there was an experimental project, a pilot project, which used digital spectrum that is owned by WNET, Channel 13, in New York City, the PBS sort of flagship in New York City.” All this police, army, and the intelligence cooperation using high tech technologies to monitor individuals and groups during the political protests is very much confirming what Naomi Wolf is warning before. Clancy says:

They took the money from the conventions, that the federal budget was given to the city to make an emergency operations center, and they call it a “*situations room*,” and they put in all these video apparatus. Similarly, last year, a deputy chief in Denver testified to a House subcommittee about fusion centers and how they were going to use the convention in Denver as an opportunity to basically lay

³²⁰ Ibid.

a structure for what they called a “*super fusion center.*” And so, they are going to take some of that \$50 million that Denver is going to get and, apparently, and going to be using it to build a more permanent and more powerful surveillance apparatus for Colorado... Federal government and local governments use the conventions basically as an excuse to make a laboratory to play with these toys and set up surveillance processes that we are going to see sometime in the future.³²¹

Erin Rosa, the reporter for the Colorado Independent, just recently had a story in the publication talking about how the Colorado Army National Guard is renting out hundreds of rooms in Denver for the Democratic convention. And as we said, the officials in Colorado plan to increase intelligence operations during the convention and run this fusion center, where intelligence analysts will collect and analyze reports on the protesters. These centers in cooperation with the intelligence and the National Guards are now clearly enabled to spy on protesters exercising the First Amendment.

The local police took this spying encouragement from the federal government and expanded beyond what normal police does, beyond normal law enforcement functions, and start becoming “intelligence collectors against protest groups,” as Mike German says, and continues:

The reports that we obtained from them make clear that there was no indication of any sort of criminal activity—quite the opposite, that they were peaceful at all times. And yet, that investigation went on for fourteen months, and these reports were uploaded into a federal database. Now, the Department of Homeland Security and the fusion center are now claiming they never access that information, but it was sitting there in a database that was accessible to them at any time. So, really, it is a semantic difference whether they actually did, because they could have. And, you know, the problem is, when all these agencies are authorized to go out and start collecting this information and putting it in areas where it is accessible by the intelligence community, it’s a very dangerous proposition for our democracy.³²²

5.5. Perpetual War - Democracy versus Public Relations

There is no universally accepted definition of democracy.³²³ But there is one basic principle that should be common to all forms of democracy, and that is people’s involvement in the political process at large. One definition of democracy refers to this issue as government by the people in

³²¹ Ibid.

³²² Ibid.

³²³ In the case of a word like “democracy”, not only is there no agreed definition, but the attempt to make one is resisted from all sides. It is almost universally felt that when we call a country democratic we are praising it: consequently the defenders of every kind of regime claim that it is a democracy, and fear that they might have to stop using the word if it were tied down to any one meaning. Words of this kind are often used in a consciously dishonest way. That is, the person who uses them has his own private definition, but allows his hearer to think he means something quite different.

Politics and the English Language, George Orwell:

http://www.george-orwell.org/Politics_and_the_English_Language/0.html

The twentieth century has been characterized by three developments of great political importance: the growth of democracy, the growth of corporate power, and the growth of corporate propaganda as a means of protecting corporate power against democracy. Alex Carey, Taking the Risk out of Democracy: Propaganda in the US and Australia.

which the supreme power is vested in the people and exercised directly by them or by their elected agents under a free electoral system.

After we agree that media are a nerve system of such a democratic society, the free electoral system in the US, and many western and other countries, is already a highly controversial issue to discuss.

Bill Moyers, from an adaptation of his keynote address at the National Conference for Media Reform, writes for *In These Times*:

Democracy without honest information creates the illusion of popular consent at the same time that it enhances the power of the state and the privileged interests that the state protects. And nothing characterizes corporate media today more than its disdain toward the fragile nature of modern life and its indifference toward the complex social debate required of a free and self-governing people... Our dominant media are ultimately accountable only to corporate boards whose mission is not life, liberty and the pursuit of happiness for the whole body of our republic, but the aggrandizement of corporate executives and shareholders.³²⁴

Discussing the crucial role media play in a society, we should start by looking at the work and influence of Sigmund Freud's nephew, who lived and worked in New York, Edward L. Bernays (1891-1995). Bernays pioneered the scientific technique of shaping and manipulating public opinion, which he called "engineering of consent." During World War I, he was an integral part—along with Walter Lippmann—of the US Committee on Public Information (CPI), a powerful propaganda machine that advertised and sold the war to the US people as one that would "*Make the World Safer for Democracy.*"

One of the slogans under which Woodrow Wilson won the election of 1916 was "*Peace Without Victory.*" That was right in the middle of the World War I, when the US public was extremely pacifistic and saw no reason to get involved in a European war. As Noam Chomsky says in his book *Media Control: The Spectacular Achievements of Propaganda*, despite Wilson's pacifistic approach during his campaign, Wilson's administration was very much committed to war and had to do something about it. So, "they established a government propaganda commission, called the *Creel Commission*, which succeeded within six months in turning a pacifistic population into hysterical, war-mongering population which wanted to destroy everything German, tear the Germans limb from limb, go to war and save the world."³²⁵

At first the CPI used material that was based on fact, but spun it to present an upbeat picture of the US war effort. Very quickly, however, the CPI began churning out raw propaganda picturing Germans as evil monsters. Hollywood movie makers joined in on the propaganda by making movies such as *The Claws of the Hun*, *The Prussian Cur*, *To Hell With the Kaiser*, and *The Kaiser, the Beast of Berlin*. These titles illustrated the message the CPI tried to convey.

³²⁴ Bill Moyers, Is the Fourth Estate a Fifth Column?, *In These Times*, Friday 11 July 2008.

³²⁵ Naom Chomsky, *Media Control: The Spectacular Achievements of Propaganda*, Seven Stories Press; 1st ed edition (April 1997), ISBN-10: 1583225366, p. 5

CPI raw propaganda included complete fabrications, such as images and stories of German soldiers killing babies and hoisting them on bayonets. CPI pamphlets were created and warned citizens to be on the lookout for German spies. Dozens of "patriotic organizations," with names like the *American Protective League* and the *American Defense Society*, sprang up. These groups spied, tapped telephones, and opened mail in an effort to ferret out "spies and traitors." The targets of these groups were anyone who called for peace, questioned the Allies' progress, or criticized the government's policies. They were particularly hard on German Americans, some of whom lost their jobs, and were publicly humiliated by being forced to kiss the US flag, recite the Pledge of Allegiance, or buy war bonds.³²⁶

The committee used newsprint, posters, radio, telegraph, cable and movies to broadcast its message. There was a volunteer services corps, called the *Four-minute men* whose 75,000 members spoke around the country. The Four-minute men worked in 5,200 communities and gave 755,190 speeches.³²⁷ During its lifetime, the organization had over twenty bureaus and divisions, with commissioner's offices in nine foreign countries.³²⁸ In addition to the *Four-minute men* both a Films Division and a News Division were established to help get out the war message. What was missing, Creel saw, was a way to reach those Americans who might not read newspapers, attend meetings or watch movies. For this task, Creel created the *Division of Pictorial Publicity*. "Among those who enthusiastically participated in Wilson's war were the progressive intellectuals, people of the John Dewey circle, who took great pride, as you can see from their own writings at the time, in having shown that what they called "more intelligent members of the community," namely, themselves, were able to drive a reluctant population into a war by terrifying them and eliciting jingoist fanaticism. The means that were used were extensive."³²⁹ The same techniques of manipulating the public mind in the times of mass believe in democracy, were used before and later in history. And they are still being used over and over again. Most recently were the media used as the drums of war before invading Iraq.

According to Chomsky's *Media Control*, taking the nation to World War I. was just a beginning of further achievements of propaganda in the United States. The next assignment of the executives of propaganda was destroying workers' unions and eliminating such dangerous elements in American democracy, as freedom of the press and freedom of political thought. A hysterical campaign to whip up the "Red Scare", as any social organization was immediately labeled, became a nightmare not only for the political activists but also for anybody whose view would dare to be inconsistent with the right wing propaganda. Very famous was for example the hunt for communists among Hollywood actors. Chomsky sees the achievements of the political kartel between the propagandists' media, big business, and executive power, as highly successful.

³²⁶ Committee on Public Information

http://en.wikipedia.org/wiki/Committee_on_Public_Information

³²⁷ Nancy Snow (2003). http://www.thirdworldtraveler.com/Nancy_Snow/Information_War.html, Seven Stories Press. ISBN 1-58322-557-9. p. 52

³²⁸ Jackall, Robert; Janice M Hirota (2003). *Image Makers: Advertising, Public Relations, and the Ethos of Advocacy*. University of Chicago Press. ISBN 0-226-38917-0. p. 14

³²⁹ Naom Chomsky, *Media Control: The Spectacular Achievements of Propaganda*, Seven Stories Press; 1st ed edition (April 1997), ISBN-10: 1583225366, p. 6

There was very strong support from the media, from the business establishment, which in fact organized, pushed much of this work, and it was, in general, a great success.³³⁰

The marketing strategies for all future wars would be based on the CPI model, but would become much more sophisticated. In the second decade of the twentieth century, Edward Bernays invented new ways and even a new name for propaganda – *Public Relations*.³³¹

At the age of twenty-six, Bernays was accompanying Woodrow Wilson to the peace conference in Versailles. Later in his life, Bernays said:

When I came back to the United States, I decided that if you could use propaganda for war, you could certainly use it for peace. And propaganda got to be a bad word because of the Germans...using it. So what I did was to try to find some other words, so we found the words – Council on Public Relations.³³²

Mark Crispin Miller, who is signed under introduction to the last edition of Bernay's *Propaganda*, described Bernay's nature and propaganda marketing neatly:

Bernays sold the *myth* of propaganda as a wholly rational endeavor, carried out methodically by careful experts skilled enough to lead "public opinion." Consistently he casts himself as a supreme manipulator, mastering the responses of a pliable, receptive population. "Conscious and intelligent manipulation," "invisible governors," "they who pull the wires which control the public mind," "shrewd persons operation behind the scenes," "dictators exercising great power," and, below them, people working "as if actuated by the touch of a button" – these are but a few expressions of the icy scientific paradigm that evidently drove his propaganda practice, and that colored all his thinking of the subject. The propagandist *rules*. The propagandized do whatever he would have them do, exactly as he tells them to, and without knowing it.³³³

Over the next half century, Bernays, combining the techniques he had learned in the CPI with the ideas of Lippmann and Freud, fashioned a career as an outspoken proponent of propaganda for political and corporate manipulation of the population, earning the moniker "father of public relations." Among his powerful clients were President Calvin Coolidge, Procter and Gamble, CBS, the American Tobacco Company and General Electric. In addition, his propaganda campaign for the United Fruit Company in the early 1950's was a crucial factor of the CIA's overthrow of the legally elected government of Jacobo Arbenz in Guatemala.

³³⁰ Naom Chomsky, *Media Control: The Spectacular Achievements of Propaganda*, Seven Stories Press; 1st ed edition (April 1997), ISBN-10: 1583225366, p. 6

³³¹ Larry Tye (Boston Globe reporter), *The Father of Spin: Edward L. Bernays & The Birth of PR*.

"It is impossible to fundamentally grasp the social, political, economic and cultural developments of the past 100 years without some understanding of Bernays and his professional heirs in the public relations industry. PR is a 20th century phenomenon, and Bernays--widely eulogized as the "father of public relations" at the time of his death in 1995--played a major role in defining the industry's philosophy and methods.": <http://www.prwatch.org/prwissues/1999Q2/bernays.html>

³³² Adam Curtis, *Century of the Self*, BBC series 2002

³³³ Edward Bernays, *Propaganda* (1928)

In his profession, Bernays aimed to control public opinion by manipulating the unconscious desires of the people. He stood at the nascent arrival of the US *consumer society*, using the subconscious mind to connect peoples' desires with the products of his clients. In other words, by today, consumer psychologists have already made the choice for us before we buy a certain product. This is achieved by manipulating desires on an unconscious level.

Bernays drew many of his ideas from Freud's theories about the irrational unconscious motives that shape human behavior. Bernays authored several books, including *Crystallizing Public Opinion* (1923), *Verdict of Public Opinion on Propaganda* (1927), *This Business of Propaganda* (1928), *Propaganda* (1928),³³⁴ *Universities--Pathfinders in Public Opinion* (1937), *Democratic leadership in Total War* (1943), *The Engineering of Consent* (1947), *Biography of an Idea: Memoirs of Public Relations Council* (1965) and others.

Bernays saw public relations as an "applied social science that uses insights from psychology, sociology, and other disciplines to scientifically manage and manipulate the thinking and behavior of an irrational public in need of "benevolent" social guidance. Bernays suggested that those who manipulate this unseen mechanism of society, control almost every act and attitude of our daily lives, whether in the sphere of politics or business, in our social conduct or our ethical thinking, we are dominated by the relatively small number of persons who pull the wires which control the public mind. He believed that total control of propagandists over the collective mind of the masses was a necessary condition in a democratic society. The first paragraph of *Propaganda* sums this view neatly:

The conscious and intelligent manipulation of the organized habits and opinions of the masses is an important element in democratic society. Those who manipulate this unseen mechanism of society constitute an invisible government which is the true ruling power of our country. We are governed, our minds molded, our tastes formed, our ideas suggested, largely by men we have never heard of. This is a logical result of the way in which our democratic society is organized. Vast number of human beings must cooperate in this manner if they are to live together as a smoothly functioning society.³³⁵

Bernays worked closely with politicians and corporations to develop what he called "*the engineering of consent*" – controlling the minds of the public without their awareness.

³³⁴ "Some of the biggest men in the United States, in the field of commerce and manufacture, are afraid of somebody, are afraid of something. They know that there is a power somewhere so organized, so subtle, so watchful, so interlocked, so complete, so pervasive, that they had better not speak above their breath when they speak in condemnation of it." Edward Bernays, *Propaganda* (1928)

Edward Bernays referred to an invisible government. Does the US have "an invisible government?" Yes. A small group of powerful men (and a few women) have controlled the United States for over 100 years. President Woodrow Wilson wrote about them in his book, *The New Freedom* (1913).

"Since I entered politics, I have chiefly had men's views confided to me privately. Some of the biggest men in the United States, in the field of commerce and manufacture, are afraid of somebody, are afraid of something. They know that there is a power somewhere so organized, so subtle, so watchful, so interlocked, so complete, so pervasive, that they had better not speak above their breath when they speak in condemnation of it."

³³⁵ *Ibid*

In an essay – *The Engineering of Consent* – Edward Bernays defines the art of manipulating people; the masses, consumers, voters and other groups to make them want things they do not need by linking those products and ideas to their unconscious desires. The central idea behind the engineering of consent is that the public or people should not be aware of the manipulation taking place.

Edward Bernays and Freud's daughter Anna played a pivotal role in introducing Freudian ideas to US politicians, policy makers, leaders of industry and marketers.³³⁶ Bernays showed leaders how to control people in the times of mass democracy, so they could rule in a smoother manner.

If we understand the mechanism and motives of the group mind, is it not possible to control and regiment the masses according to our will without their knowing about it?³³⁷

He believed that the interests of business and America were indivisible, and was convinced that explaining this rationally to the US public was impossible. And that the only way to make democracy work and create a stable society was to repress the irrational public opinion by manipulating people in the interests of “*higher truth*”. He decided to help the US government, big business, and the CIA develops techniques to manage and control the minds of most of the US people. The CIA then took these procedures much further in mind control projects as MK-Ultra.

One of Bernays's significant political tasks in manipulating public opinion was paid for by the *United Fruit Company* (UFC) and supported by the CIA.³³⁸ The big picture involves connection between the head of Intelligence, Allen Dulles, and Secretary of State, John Foster Dulles, his brother, who both previously worked for a Wall Street law firm, *Sullivan & Cromwell*. And the biggest client of S&C was no other corporation then *United Fruit Company*, which owned 80 per-cent of arable land in Guatemala, but was using only 20 percent of it for commercial purposes. By owning most of the Guatemalan land, UFC was preventing the local people from farming their own food. This was the corporate strategy to have enough hungry people who worked for two cents a day and a bowl of beans. In other words wage slaves. Very similar techniques of turning farmers in the Third World into slaves are being used today.

However, Bernays' mission goal in 1954 was to persuade the US public that overthrowing the democratically elected president of Guatemala, Jacobo Arbenz, who was unfriendly to UFC interests, was necessary for US security and for bringing the Guatemalan people freedom and prosperity. The prosperity consisted of UFC keeping the Guatemalan economy in its ownership and enslaving the Guatemalan people in their home. After consulting US interests in Guatemala with president Eisenhower, the CIA took its part in the plan. Howard Hunt, who was later involved in unsuccessful operation in the Bay of Pigs, trying to invade Cuba, was also participating in the CIA operation *PBsuccess* coup d'état in Guatemala. Hunt stated:

³³⁶ Ivan Tyrell, A seething mass of desires: Freud's hold over history, *Human Givens.*, Vol 9, no3, 2002

Adam Curtis, *The Century of the Self*, BBC series 2002

³³⁷ Edward Bernays, *Propaganda*, New York: H. Liveringh, 1928, ISBN-10: 0-9703125-9-8

³³⁸ *Century of the Self*, Adam Curtis, BBC documentary series 2002, part on Guatemala:

http://video.google.com/videosearch?hl=en&q=centruy%20of%20the%20self%20Guatemala%20Bernays&lr=lang_cs%7Clang_en&um=1&ie=UTF-8&sa=N&tab=vw

We wanted to run a terror campaign against Arbenz and his troops like the Luftwaffe did to the populations of Holland, Belgium and Poland³³⁹

Bernays' work was to arrange the support of the US public for a military solution in Guatemala. He set up a false news agency, *Middle American Information Bureau*, which bombarded the US press with “*red scare*“ reports on Guatemala. He even flew a group of mainstream journalists to Guatemala and had them meet local UFC propagandists.

This joint venture of Bernays' PR agency and CIA agents succeeded. The CIA organized the overthrow of president Arbenz, and replaced him with a military dictator, General Castillo Armas. Guatemala was forced to start its gruesome modern history as quasifascist oligarchy, while the majority of the US public believed that what took place in Guatemala was an internal civil war run by Guatemalans which was ultimately good for their democracy.

The same procedure of media manipulating the public opinion was used in the case of the overt US aggression in bombing Panama City in 1989. Panamanian military dictator, Manuel Noriega, probably the most famous graduate of the US *School of the Americas*, who was involved in the CIA drug-trafficking, therefore kept on the CIA payroll since the 60's, refused to support the US interest of building more military bases south of Mexico. In 1984 he angered the Reagan administration by hosting a conference of Latin American leaders at the Contadora Peace talks. The conference called for an end to US interventions in Central American affairs. The US now undertook a systematic effort to overthrow Noriega. They first used economic sanctions and dispatched more troops to Panama. Following Reagan, president Bush, Sr. began a strong campaign against Noriega in the US media, preparing US public opinion to support later bombing of Panama. One day before Christmas Eve in 1989, a military operation called *Just Cause* mobilized 26,000 US troops, who were ordered to slaughter innocent people in the streets of Panama City and other densely populated areas.³⁴⁰ In the days and weeks following the invasion, the US troops arrested close to 7000 people. They arrested almost every trade union leader, the leaders of the nationalist parties, progressive parties, and leftist parties in Panama. They arrested people who were cultural leaders. There are still hundreds of Panamanians who remain in jail, with no due-process, no charges pressed against them. In the months following the invasion, Panamanians were shocked to discover existence of mass graves, where hundreds perhaps thousands of bodies were hastily dumped and buried by the US troops. Jose Morin a lawyer for the Center for Constitutional Rights, which is based in New York, said:

The United States was directly responsible for the killings of the men, women and children that are in these mass graves and for their burial. These mass graves exist throughout Panama and some of them are believed to be on US military bases which creates difficulty in terms of access to these mass graves.³⁴¹

³³⁹ Ibid

³⁴⁰ From the documentary: 'What I've Learned About US Foreign Policy - The War against the Third World'. (www.addictedtowar.com) The Panama Deception This film documents the untold story of the December 1989 US invasion of Panama. The United States military deliberately attacked and destroyed primarily residential neighborhoods, killing at least 4 thousand people in the process. This segment exposes the role the US government and the mainstream media play in suppressing information about US foreign policy

³⁴¹ Ibid.

An eyewitness to the exhumation of the mass graves said:

We found many young people, fifteen, sixteen, seventeen years old. We found people in their sixties and seventies. We found people killed by a shot in the back of their head. Dead with their hands tied.³⁴²

Although the US media created a perception of support for the invasion, within the United States, the invasion was overwhelmingly condemned in the international community. On the day of the invasion, the UN General Assembly had a vote on it. In their words, the US flagrantly violated the international law. What could be more clear? Maybe the case of Nicaragua, in which the US were condemned even by the International Court of Justice for supporting brutal killings of the Contra guerrillas in their war against the Nicaraguan government and for mining Nicaragua's harbors. In either case the US did not pay any attention to the principles of the international law.

The military operation in Panama brought death to thousands of people, but was called Just Cause. The following installation of a new Washington puppet government in Panama was called free democracy. Nevertheless, the four biggest papers in the United States all endorsed the rightness of the Panama invasion, that is Washington Post, The Los Angeles Times, and a strong endorsement came also from The New York Times and the Wall Street Journal.

A very similar outline of cooperation with a dictator, his increasing disobedience followed by the US military attack condemned by the international community could be articulated for the Iraq invasion in 2003. Except the number of civilians' deaths has already marked over a million casualties.

This method of engineering a threat followed by a military solution became a recurring theme of US intervention list policy. The last massive use of manipulation of the public opinion was used before invading Iraq. The Bush-Cheney Administration even set up their false intelligence offices within the Pentagon – the Office of Special Plans and the Policy Counterterrorism Evaluation Group.³⁴³

Bernays started this culture of total thought guidance which has become extremely powerful not just in the United States.

³⁴² Ibid.

³⁴³ Remarks by US Senator Jon Kyl, "DOD's Role in Pre-War Iraq Intelligence: Setting the Record Straight"

Center for Strategic and International Studies, May 3, 2004, Lt. Col. Karen Kwiatkowski, a former US Air Force officer who served in Pentagon during the buildup to Operation Iraqi Freedom, describes the PCEG, referring to a January 2002 document <http://it.youtube.com/watch?v=CRNciryImqg&feature=related> sent to DIA:

<http://rpc.senate.gov/files/iraq%20pentagon%20csis%20speech.pdf>

Hijacking Catastrophe: 9/11, Fear & the Selling of American Empire examines how a radical fringe of the Republican Party used the trauma of the 9/11 terror attacks to advance a pre-existing agenda to radically transform American foreign policy while rolling back civil liberties and social programs at home. The documentary, produced by the Media Education Foundation, places the Bush Administration's false justifications for war in Iraq within the larger context of a two-decade struggle by neoconservatives to dramatically increase military spending in the wake of the Cold War, and to expand American power globally by means of military force: <http://video.google.com/videosearch?q=Highjacking+9%2F11+&hl=en&site=search=>

He was doing it for the American way of life, to which he was sincerely devoted. Yet he felt the people were pretty stupid. And that is the paradox, if you do not leave it to the people themselves, but force them to choose what you want them to choose, however suddenly. Then it is not democracy anymore. It is something else. It is being told what to do. It is that old authoritarian thing.³⁴⁴

Since the invention of television, we live in a PR controlled society, rather than in a free opinion society. Democracy became show-business starring press agents of big businesses called politicians. Many US university professors define the system as '*corporate mediocracy*'.

³⁴⁴ Doris Bernays (daughter) in Aram Curtis's documentary, "The Century of the Self", BBC 2002

6. Conclusion

The survey of the history of the United States I have presented in this thesis leads me to conclude that there is a serious divergence between the generally accepted story—the one which is taught in the US and around the globe to children and reinforced for adults through the media—and what seems, according to numerous sources of hard evidence, to be the reality.

The accepted story is simple. The US is a democracy. It was founded in a struggle against the tyranny of the English King George III in the 18th century. That struggle brought to the US people the sense of the necessity of principles of democracy, freedom, and the rule of law. Where failures of the polity have and continue to lead to injustice, these are remedied by the “checks and balances” in the system, and justice prevails in the end. The “little guy” is protected from the powerful in this way. But, at the same time, power can grow in “just” processes and be wielded in the cause of the good, not just for the US, but for human kind generally. Liberal democracy is the ultimate, and the best form of polity as borne out by the quality of life of US citizens and the preeminent position that the US holds in the world, for the benefit of all.

The reality is quite different from this simple, and, for many, comfortable and widely accepted story. The US struggle in the 18th century was a struggle of one class of wealthy people, the English citizens who were among the leaders of the colonial rulers in the American colonies, against another, the English government and its King and wealthy interests. Talk of “principles” in protection of the “little guy” was simply propaganda needed to get the lower classes to fight and die on behalf of the wealthy. Once the “revolution” was won, the wealthy constructed their plutocracy. Democracy was never considered. It was called a “Republic” and a complex electoral process was developed to cynically keep the “consent” of “the people” by telling them that this process showed that they had control of the government. In reality, control was held by the wealthy, and the later “democratic” mechanisms were designed to make sure that the real controllers were never disturbed by the people.

What the slave-holding farmers, business community, and the moneyed man in the banking sector created by the constitution was an oligarchic republic, which we today, in a modern terminology, call representative democracy. It was and it still is a system, under which the rich minority maintain control over the poor majority. They were fearful of elements of direct, therefore real, democracy. The “dangers” of democracy were widely discussed by the US states man in the Federalist N. 10., one of the essays written to support acceptance of the Constitution.

Within the US itself, power has always been in the hands of those to whom Alexander Hamilton referred as “the rich and well-born.” This is the “American Way”, as the phrase goes in the US. But, when we have to define the reciprocal links between political and commercial forces and their legalized procedures within the political process, by the language of political science, we cannot possibly call the United States a “democracy”, but an oligarchic republic heading towards plutocratic dictatorship of wealth. Kevin Phillips, author and political strategist to US President Richard Nixon, argues that the United States is a plutocracy in which there is a “fusion of money and government.”³⁴⁵ After studying a number of historical events, and seeing the continuity, and

³⁴⁵ NOW with Bill Moyers. Transcript. Bill Moyers Interviews Kevin Phillips. 4.09.04 | PBS
http://www.pbs.org/now/transcript/transcript_phillips.html

nature of the governing elites in the United States through its history, which I sketched in this thesis, it is my conclusion that the structure of power has always been in the hands of a small elite, and has never been meant to get out of those hands.

Although the word “change” is not missing in any of the current political campaigns, the US system was not set up to bring any significant changes to the majority of the US public, but to maintain a stable rule of the privileged one or two percent of the society. That is being achieved by bribing another twenty percent of the society, letting them live on credit, dreaming of social mobility, while around eighty percent of the people suffer every day in undervalued jobs. But because the public mind is so well dominated by propaganda reaching to every home, using not only the media, but also the schooling system, the ruling elite has been able to create an almost perfect ‘Matrix’-like system, in which everybody is doing just fine. The threat is supposed to be outside. The leaders use techniques which have been already used so many times. They create or exaggerate outside threat to consolidate their control over the public life. While the people are watching TV, the politicians are stripping them off the civil rights their ancestors fought and many died for. Today the United States stands on a very slippery floor of economic crises and emerging police state. In the past eight years the state legally opened the doors of everybody’s privacy and is denying them basic civil rights. Habeas corpus has been permanently suspended, concentration camp established and torture is acceptable.

One of the most believed myths about the United States are those of social mobility and freedom of choice. They both stand for what is called the American Dream. The myth of "social mobility", as I will call it, is a crucial element in US ideological system. It has been at play since the beginning of the US's history, as I have shown, both as a tool of propaganda, and as a driving motivation for a great deal of the working and middle classes. This myth has it that even the little guy can make it big with hard work and self-discipline. The US is filled with success-stories of "self-made men" and what are called "rags-to-riches stories". This ideology evolved from Calvinism, the protestant approach to God and salvation by work.

In presidential elections, the down-to-earth, working class roots of each candidate are, without fail, always prominent, regardless of the candidate's actual economic and social class. But, as I have shown, the facts do not bear out this myth. Social mobility, when it has seemed to occur, for example after WWII, as many lower class immigrant families moved to a middle-class suburban life-style, was funded by government subsidies in the US, not created by the hard work of "self-made men". Of course, those who achieved the move to the suburbs and to its middle-class, home-owning, status, were hard-working. But, not more so than they had always been or are now as home-foreclosures reach heights not seen since the Great Depression of the 1930's. The African-Americans who were not beneficiaries of New Deal and Fair Deal government subsidies after WWII certainly worked no less hard than their white, European-descended fellow citizens. The numbers, as well, do not bear out the myth. The gap between rich and poor, as I have also argued, has grown dramatically in US society. Wealth is being consolidated and concentrated into the hands of fewer and fewer people as a proportion of the population as a whole, a trend that is noticeable world-wide. The few gains that were made, predominantly by the white "middle-class" since WWII are being wiped out with pension-fund failures and home-foreclosures. What capital pretends to give, it also takes away. Yet, one will find in discussions

with US citizens and through the analysts and sociologists who write about them, that the idea of social mobility prevails in their minds fairly tenaciously. This phenomenon can be laid fairly tidily at the door-step of the "education" and media systems of the US, two of the critical parts of the US's overall propaganda system. As Bill Moyers said, "Democracy without honest information creates the illusion of popular consent at the same time that it enhances the power of the state and the privileged interests that the state protects." And as the daughter of the most influential 'spin doctor' of the twentieth century, Doris Bernays, said: "...if you do not leave it to the people themselves, but force them to choose what you want them to choose, however suddenly, then it is not democracy anymore. It is something else. It is being told what to do. It is that old authoritarian thing." And civil rights? Even if the people's minds break through the propagandistic bubble they are born into, the system has many other ways how to silence them, make them politically invisible, as I showed in the chapter discussing the numerous fraud in US elections. How can people truly have equal rights, with the stark differences in wealth in a political system which defines their social status and political rights by wealth?

The Myths of Free Market and real prosperity is also widely accepted story. But many forget that economic wealth of the United States was created by exploiting slave labor as well as "free" labor, in addition to grabbing the lands and resources of the indigenous population. The government suppressed the workers unions with the military power. Hundreds of workers died fighting for their rights. Workers achieved some basic rights, but the unions were crushed, and propaganda of social mobility turned into a vital narrative form within US national culture. The reality is that the gap between rich and poor has steadily grown through the history of the US until today it is the widest in the Western world.

The rebellious colonists of the 18th century did not question the European right to be on the American continent, nor, for the most part, their right to enslave millions of Africans for economic exploitation. Thus, a right to empire was largely unchecked by the controlling elite. In the Louisiana Purchase, and then in the Mexican War, the imperial expansion continued. The Monroe Doctrine announced in 1823 that the US was in essence the imperial guardians of all of the Americas, North, Central, and South America, as well as the Caribbean.

The US economy grew, as did much of European economy, into a system of monopoly capitalism by the end of the 19th century, the so-called "Gilded Age". This wealth was not shared with the general population, of course. Labor unionization was bitterly fought in the US. And the "slave labor" that ended in official terms with the Civil War, was now recreated through a legal system which prevented African-Americans from actually changing their position at all. This culminated with the beginning of "Jim Crow" laws starting in 1896. The US system, then made its imperialism explicit with the 1898 annexation of Hawaii, the Spanish-American War, and the the war against the Filipinos which in the US goes by the name "The Philippine Insurrection".

The growth of monopoly capitalism led to a number of crises at the end of the 19th and the beginning of the 20th centuries. In the "Progressive Era" of the first decade of the 20th century, US capital tried to arrive at compromises with the growing grievances both of the lower classes and of small capitalists. But, such compromises as there were were basically co-opted by the creation of the Federal Reserve System in 1913. This "system" basically revolved around a

privately-owned and operated central bank that took monopoly control of the money supply of the US. This was, perhaps, one of the greatest blunders from the point of view of the great majority of US citizens in the history of the country. With control of the US money supply and credit in the hand of private monopolists, US capital was set for a basically unhindered sojourn to world-domination. The effects of the creation of the Fed at this time are still being felt, not just in the US, but around the entire world as the machine of US capital imposes, today, through the international financial institutions—the World Bank, the IMF, et al.—almost complete hegemony over the global financial world through its various policies of “globalization”.

With the Spanish-American War and World War I the US also became explicit in its need and use for propaganda as a mechanism of social and political control. With the advent of film and radio, this tool became a potent staple of US power. Walter Lippmann in his 1923 *Public Opinion* and Edward Bernays in his 1928 *Propaganda* taught the elite about the needs and methods of this tool, and the US did not ignore them.

Though the Great Depression of the 1930’s raised great doubts for many of the governed of the US, the governors found in Roosevelt’s New Deal an economically ineffective but psychologically effective-enough stop-gap measure which World War II, fortunately for the elite, took away the need for. The war seemed to solve the US’s economic issues for the time being, and the US emerged from it the world’s greatest super-power. The US imperial mission for world dominance now began in earnest. The economic conditions and the propaganda machine in place, the US now began its commitment to a permanent arms economy that became central to the US’s policy of total world domination.

The myths of spreading democracy stands for expanding the empire. However, ask a US citizen today whether he or she thinks the US mission is world domination, and the chances are quite good you will meet a vacant stare. The propaganda machine, starting with the US education system has been rather effective. The accepted story is just that: accepted.

But what is outside is an environmentally unsustainable system being constantly destroyed by corporations, which care about nothing else then maximizing profit. The comforts the First World are paid for by the lives and deaths, the hunger, malnutrition, and enslavement of the people of the Third World, who starve and work day and night to create cheap consumers goods to sustain global capitalism. These people have been dispossessed of their land and their nations’ natural resources, so they can be turned into armies of cheap labor. This system of mass exploitation is globally organized by the IMF, the WB, the WTO, and the constant terrorist threat of indirect or direct US military intervention. Elites of the Third World countries are bribed to allow foreign capital to enslave their own people. This economic and social system prefers greed over humanity. It is leading the global society into unprecedented crises, if not total and final disaster. By total, I mean social disaster killing millions of people. By final, I mean irreversible destruction of the ecosystem, destruction of the Earth. Capitalism was born with the English colonial markets, grew up with the US neocolonialism and hopefully will be buried with the international globalization.

The remaining question is: will we be buried with it? It is a question of life and death for all. Not many people today realize that we face not just a current crisis, distinct from a history of

cycles of boom and crisis, but an historically connected chain of crises hanging over our heads, becoming more and more massive. This is not merely a guess, but a rule of classical economics, the business cycle. Marx saw crises as the result of a falling rate of profit caused by more and more profit getting invested in fixed capital until the productive forces are producing beyond the current markets ability to consume. In other words, maximizing the surplus value by exploiting the workers, is a double-edged sword in such economy because the workers also represent the market. If they are paid just to survive, they have no buying power, which ultimately must create the conditions for overproduction. When capitalists have no more new markets to flood with their products it creates crisis. Many companies go out of business. The bigger companies buy up the smaller companies that went out of business at very cheap prices and increase their productive power. That is how monopolies, controlling the global market, called the 'free market', came to existence. Because there is less competition on the market now, the rate of profit can start rising again. What is being created is not a free market but monopoly capitalism. After each business cycle there is a greater consolidation and concentration of capital which creates the basis for bigger and bigger crises. However, the classical capitalist economists pretend or believe that the system can go on indefinitely intact. Marxist economists, however, see an irreversible historical process. That is always changing in an irreversible direction. The first fact to support Marx's claim is what is happening in the environment. The global climate change is definitely representing great changes for the whole ecosystem. This exploitation of the environment cannot go on forever. Likewise, the exploitation of the people in the Third World cannot continue. These exploited armies of labor know perfectly well who is to blame for their situation. They are realizing it is not their fault.

The United States was not born as a democracy. The structure of power and historical circumstances allowed it to grow into an empire. History shows that empires are unstable social, political, economic forms of polity which are bound to fall. The question is, how hard will we fall with it?