

## **Terminal 21st Century Capitalism**

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### **The Death Throes of Capitalism in Our Age**

The economic, political and social outlook for the second decade of the 21st century is profoundly negative. The almost universal consensus, even among mainstream orthodox economists, is pessimistic regarding the world economy.

Although, even here, their predictions understate the scope and depth of the crises, there are powerful reasons to believe that beginning in the second decade of this century, we are heading toward a steeper decline than what was experienced during the Great Recession of 2008 – 2009. With fewer resources, greater debt and increasing popular resistance to shouldering the burden of saving the capitalist system, the governments cannot revive the economic system.

Many of the major institutions and economic relations which were cause and consequence of world and regional capitalist expansion over the past three decades are in the process of disintegration and disarray. The previous economic engines of global expansion, the US and the European Union, have exhausted their potentialities and are in open decline. The new centers of growth, China, India, Brazil, Russia, which provided a new impetus for world growth during the first decade are decelerating rapidly and will continue to do so throughout the new decade.

The political and military outlook is equally bleak, especially in the Middle East and South Asia where the US and the EU are engaged in prolonged colonial wars, either directly or through proxies. Imperial wars are deepening the economic crises, draining resources, rather than extracting wealth, and in particular with regard to US-Israeli war preparations against Iran threatening to provoke a major economic depression.

We will proceed with an overview of the principle regions of the world political economy beginning with the ongoing crises in the European Union and follow with a discussion of the causes and consequences of the decay of the US Empire. We will then analyze the negative impact of the US proxy wars for Israel in the Middle East before turning to the dynamic growth, conflicts and reforms in the BRICs: China as it emerges as a major world economic power; Russia's under the dynamic leadership of President Putin and Brazil as an emerging hegemon in Latin America. We will conclude by examining the social and political consequences of prolonged crises, especially the effects of prolonged class based austerity programs and new colonial wars on the class struggle and the reshaping of the global configuration of power in a world without a dominant hegemon.

### **The Crises of the European Union**

The Eurozone faces a triple economic crises: an economy immersed in an ongoing recession including a depressed manufacturing sector; a severe decline in trade; and a precarious financial sector in which bankers in Greece, Italy, Spain, and Portugal are on the verge of bankruptcy[1].

A crisis is developing in the empire resulting from sequential costly colonial wars and economic sanctions toward the Arab-Islamic world – Syria, Libya, Iraq, Afghanistan and Iran.

A constitutional crises as rising mass protests have led to the extension of police state measures including the suspension of constitutional guarantees and the criminalization of social protests in Spain, Greece and England.

Throughout 2012 unemployment rose to the highest levels since the introduction of the single currency in 1999. Annual trade with the EU's main-commercial partners in Asia fell precipitously - over 18% with China, 14% with South Korea and a similar downturn with Japan[2].

Specifically, the crises wracked European Union is on the verge of a break up and the de facto multi-tiered structure is turning into a series of bilateral/multi-lateral trade and investment agreements. Germany-France the Low and Nordic countries are best placed to attempt to weather the downturn. England, namely the City of London - in splendid isolation- is sinking into negative growth, its financiers scrambling to find new speculative opportunities among the Gulf petrol-states and other 'niches'. Eastern and central Europe, particularly Poland and the Czech Republic, have deepened their ties to Germany but are suffering the consequences of the general decline of world markets. Southern Europe (Greece, Spain, Portugal and Italy) are in a deep depression suffering double digit negative growth over the period 2009-2013 while unemployment skyrockets to over 20% as the massive debt payments fueled by savage assaults on wages and social benefits and the decline of public investments, severely reduces consumer demand[3].

Depression level unemployment and under-employment, running to one-third of the labor force and youth (17-24) unemployment of nearly 50% in southern Europe, detonates prolonged social conflicts, repeated general strikes in Greece, Spain, Portugal, Italy intensifying into popular uprisings. A break-up of the European Union is almost inevitable. The euro as a currency of choice may be replaced followed by a return to national currencies, accompanied by devaluations and protectionism. Nationalism and class struggle are the order of the day. Banks in Germany, France and Switzerland are preparing to suffer "haircuts" - huge losses on their loans to the South. Major bailouts have become necessary, polarizing German and French societies, between the tax-paying majorities and the bankers. Trade union militancy and rightwing pseudo 'populism' (neo-fascism) are challenging incumbent rightist (Spain, Portugal), social democratic and "technocratic" regimes (Greece, Italy).

In response to crises and mass protest, police state measures have increased in Spain .The neo-franco regime of Mariano Rajoy has implemented new repressive laws, which penalize social movements for engaging in passive or active resistance to public authority, with jail terms ranging from one to three years[4]. In Britain, Prime Minister Cameron has approved measures allowing police to intervene any and all personal e-mails or other correspondence without any judicial authorization.

A depressed, fragmented and polarized Europe is less likely to join in any Zionist inspired US-Israeli military interventions .Already economic sanctions against Libya, Iran and even Syria, have caused a crippling 20% increase in the price of oil in 2012, undermining any chances of economic recovery. If crises ridden Europe follows Washington's confrontationalist approach to Russia and China it will limit access to two of the most dynamic markets for its exports.

Wars and economic crises, each mutually reinforce the other in a downward spiral. As costly imperial wars multiply, the Eurozone domestic economy decays.

## **The US Crises Continues**

The US crises has several inter-related dimensions: a decline in world market shares and hegemony

especially in Asia and Latin America; rising class based inequalities and differential economic 'recovery' between capital and labor; and a increasingly repressive police state designed to forestall domestic opposition to new overseas wars (especially with Iran) and a long term decline in living standards.

Nothing illustrates the decline of the US empire as clearly as its shrinking share of world trade and manufacturing, in the latter case by China's forceful entry as the "workplace of the world"[5]. Even in traditional US "spheres of influence". Latin America and the Caribbean the US no longer is the dominant trader and financier[6].

Between 2005-2010 Chinese state banks lent more than \$75 billion to Latin America more than the World Bank, the Inter-American Development Bank and the Ex-Im Bank combined. The US has been displaced by China as the leading trading partner of Brazil, Argentina, Chile, Peru and Ecuador - specializing in agro-mineral exports[7]. US de-fact devaluation of its currency and state subsidized interest rates has prejudiced Brazilian exports and created what its Finance Minister describes as a "currency war" - setting the US on a collision course with the biggest and most important economy in the region[8]. The US came up with no major economic initiatives to recast US relations with Brazil in recent meetings with President Rouseff. Nor did the US succeed in imposing its oil sanctions policy toward Iran in Latin America and Asia. India and China have rejected US policy and have continued to purchase Iranian oil[9].

Despite a slight and tenuous decline in unemployment, mainly a result of the shrinking of the labor force due to the fact that many long term unemployed workers have given up looking for jobs, the US economy has been incapable of dealing with a ballooning \$1.6 trillion fiscal deficit. Because of cumulative public and household debt, Washington is finding it difficult to spend its way toward a robust recovery. Nor can it count on 'exporting' its way out of stagnation by turning to Asia, as China, India and the rest of Asia are losing economic steam. China's growth for 2012 is likely to be 7.5% far below its 9% average and India will decline from 8% to 5% or lower[10]. Moreover, the Obama policy of military encirclement and economic exclusion and protectionism will preclude any new stimulus from China.

The US economic crises has hit the working and middle class the hardest They received nothing similar to the trillion dollar Wall Street bailout to ameliorate their socio-economic plight[11].

According to one report "about 12 million borrowers, or one in five of US homeowners with mortgages, owes more than their property is worth" depressing the housing market and reducing the net worth of US households by several trillion dollars[12].

The "decline in unemployment" claimed by the Obama regime is largely a result of the decline of the labor force from 146 million in 2007 to 140 million in 2011. In 2008 62.7% of the population was employed by 2012 it had dropped to 58.5%, thus accounting for the decline in unemployment from 9.3% to 8.3%. If the same number of workers were seeking work in 2012 as there were in 2007, unemployment[13] would be over 11%. The decline of the median income is cause and consequence of the sharp decline in the "middle class". Well paid manufacturing jobs are replaced by low paid "service jobs": over 90% of the 27.3 million new jobs added over the last two decades are in the service sector[14].

Exploitation of labor is evidenced in the growing productivity of labor even as the number of workers decreases: all the gains from technological innovations accrues to capital, as robots replace line workers. As efficiency rises, jobs dissolve and profits increase. Labor's share of national income has fallen from 63% to 58% over the past 20 years. While median wages declined 2.7% since the

recession of 2008-2010, profits have increased nearly 30%. While the domestic market shrinks, the Standard and Poor 400 draw 33% of their profits from exploiting cheap labor overseas.<sup>1</sup> Globalization has clearly prejudiced US labor and benefited the MNC. A case in point is General Motors which in 2011 recorded \$7.6 billion, its largest profit ever in 2011[15]

The Obama 2013 budget plan proposes to deepen the social divide by cutting health care and social security by \$364 billion while only increasing taxes on the rich by less than one-third that amount.[16]

Faced with growing discontent with the economic crises, overseas imperial wars, rising oil prices and declining living standards, the US has vastly increased police state legislation allowing the state to assassinate citizens suspected of fraternizing with ill-defined terrorists, suspending judicial oversight (habeas corpus) on the use of police intervention in homes and offices and cyber sites.

A presidential decree on March 16, 2012, authorized the state seizure of all major work sites and the militarization of labor in time of “emergency” – including in peace time. [17]

The US and England are the biggest losers from the Iraqi post war economic reconstruction. Of \$1.86 billion dollars in infrastructure projects, US and UK corporations will gain less than 5%[18]. A similar outcome is likely in Libya and elsewhere. US imperial militarism destroys an adversary, plunging into debt to do so, and non-belligerents reap the lucrative post-war economic reconstruction contracts. In fact empire building drains trillions in military spending without any commensurate extraction of economic wealth. In fact the domestic economy is drained to fund the military empire of 700 military bases. As the wars multiply, domestic consumption shrinks.

US economic stagnation and jobless recovery is evident in the rising number of Americans dependent on food kitchens, the epidemic in home foreclosure – over 10millions are 3 months or more behind in mortgage payments – and 30% of school children dependent on free lunches and breakfasts.

Labor exploitation (“productivity”) has intensified as capitalists force workers to produce more, for less pay, thus widening the income gap between wages and profits.[19] Several decades ago the average US CEO to worker salary differential was 70 to 1. Today it is 350 to 1. Inequalities have reached unprecedented levels and are increasing: over the past 10 years the top 1% of the class structure received 90% of the growth of income, leading to a real decline in median income of over 5%.

The economic downturn and growth of unemployment is accompanied by savage cuts in social programs to pay for the bailout of financially troubled banks, Wall Street investment houses and the automobile industry. The debates among the Democratic and Republican parties are over how much to cut the public health programs for retirees (Medicare) and for the poor (Medicaid) and how to proceed in privatizing Social Security in order to secure the ‘confidence’ of the bondholders. Faced with limited political choices, the electorate is reacting by voting out incumbents, abstaining in large numbers – over 60% in congressional elections and 50% in presidential elections – or via spontaneous and organized mass movements, such as the “occupy Wall Street” protest. Dissatisfaction, hostility and frustration pervade the North American political culture. Both major parties attempt to deflect criticism and distract discontented voters by demonizing Islamic citizens and countries as “threats to national security” and augmenting the police powers of the state at the expense of constitutional freedoms. Democratic Party demagogues blame unfair trading practices of China rather than the massive flight of US MNC to the mainland. The Republican Party demagogues blame largely Latin American immigrant workers for “stealing American jobs” for Wall Street’s

financial destruction of US manufacturing sector. Both, following the lead of the “Israeli Lobby, fulminate against Iran’s Islamo-fascists.

### **New Wars in the Midst of Crises: Zionists Pull the Trigger**

In what is likely a first in world history, a global imperial power the US is subject to the dictates and pays tribute (in the form of military and economic aid to the tune of over a hundred billion dollars over the past half century) to a marginal state, Israel, with little significance to the world economy and few allies.[20] Never in past empires, has a tiny minority, US Zionists forcefully acted on behalf of the tributary state, and had such a powerful influence in harnessing imperial state to serve the military interests of a foreign power. Never in history has a prosperous elite, educated in the most prestigious schools and occupying strategic economic, cultural and political positions of power, driven an empire into a series of prolonged colonial wars which prejudice major private institutions (oil) industry, drain the public treasury, impoverish the vast majority of taxpayers and consumers of energy in pursuit of the goal of a “Greater Israel”.

Finally never in the history of modern social analysis has the public and blatant display of elite power and political manipulation on behalf of a foreign regime been so deliberately slighted and obfuscated, by complicit or intimidated scholars and journalists, another instance of the pervasive power of intimidation of the Zionist power configuration[21].

It is precisely this elite exercise of power on behalf of a foreign regime that explains the repeated costly imperial wars against Arab and Islamic countries, even in the midst of a major prolonged economic crisis. Since the Israeli Lobby’s first and abiding loyalty is to Israel, they have no qualms about deepening the US fiscal deficit based on trillion dollar military expenditures for wars to advance Israeli domination in the Middle East.

The 52 Presidents of the Major American Jewish Organizations and their “Israel First” followers in Congress, State, Treasury and the Pentagon have escalated economic sanctions and military preparations for war with Iran despite the loss of a major market for US exports and the sidetracking of scarce economic resources to unproductive military expenditures. As a result of war threats emanating from Washington and Tel Aviv, speculators have pushed up the price of oil by 20% in the first 6 months of 2012, further undercutting any hope of an economic recovery. A US-Israeli attack on Iran will not result in a short localized war: it will result in a regional conflagration, sharply reducing the flow of oil, sending prices skyrocketing and in short order lead to a world depression.[22] Given the extremist Israeli regime’s success in securing blind obedience to its war policies from the US Congress and White House, with regard to Iraq (2003), Libya (2011), Lebanon (2006) any doubts about the real possibility of an attack on Iran, with a major catastrophic outcome, can be set aside.

### **China: Neo-Liberalism and the Compensatory Mechanisms in 2012**

China’s dynamic growth over the past 30 years owes as much to the socialist revolution in 1949 as it does to capitalist investment from 1980 to the present. The revolution created the modern state defeated the Japanese imperial army, local warlords and corrupt political rulers of the Kuo Ming tan and ended Euro-US foreign coastal enclaves. The revolution laid the bases for a unified country. By mobilizing labor, it created the essential infrastructure linking economic sectors; via an agrarian reform liberated the peasantry from semi-feudal constraints and created a domestic market; via universal free public education and health programs it created a modern healthy, educated labor force and an army of scientists, engineers and technicians, producing innovations and spurring double digit growth. The capitalist transition began in 1980 and accelerated thereafter via the de-

collectivization of agriculture, privatization of industry, trade and urban land and the large scale, long-term entry of major MNCs.

The transition and consolidation of capitalist China had a dual effect: it unleashed the forces of production leading to double digit growth and it polarized class relations between a super-rich ruling class, a privileged 'new petty bourgeois' and a vast army of poorly paid exploited factory workers and migrant construction and domestic service workers.

As China became the 'workplace of the world' it also became the locus of the world's worst social inequalities. Chinese capital in partnership with foreign capital turned it into the world's second biggest economy. But China's second and third generation of post-socialist working class increasingly has engaged in mass action demanding a greater share of the wealth, a return to free public health and education and low cost housing[23]. China's elite is faced with dual pressures: on one side from private capital demanding greater financial de-regulation to allow for overseas investment and on the other side from labor's clamor for greater political freedom and social spending on housing and an end to vast networks of corruption between Party officials and business elites[24]. As China's economy matured it turned to greater investments in basic research and advanced engineering, moving China up the value chain toward complex and innovative manufacturing[25]. Faced with shrinking trade surpluses due to declining demand from the crises ridden Euro zone and the US an increasingly sharp inter-elite struggle emerged, pitting neo-liberals against populists. The core leadership around premier Wen Jiabao embraced the opening of financial markets, the entry of foreign finance capital, the liberalization of the political system to allow for competing elites and the repression of advocates of neo-populist policies such as those proposed by former mayor of Chongqing and ex- politburo member Bo Xilai. Bo promoted greater social insurance, environmental protection and social housing, greater social equality and robust prosecution of corrupt business-Party mafias[26]. The defeat of the symbolic head of the "populist faction", with the arrest of BoXilai, heralded by the western financial press as a victory over "neo-Maoist demagoguery", signals the deepening and open embrace of neo-liberalism and the gradual discarding of the public regulatory regime over foreign financial flows[27]. This in turn increases China's vulnerability to financial turmoil and opens opportunities for outward flows of capital by China's new rich billionaires. The announced growth of domestic social spending has yet to ameliorate the class inequalities: China and its elite have become a mecca for luxury goods manufacturers and fashion designers both domestically and overseas in Paris, London, Milan and New York.

Faced with intensifying pressures from below and especially in light of the deepening of the neo-liberal option[28], the Chinese elite also has to deal with the crises in its principle export markets in the Euro zone.

China faces the US-EU crises of the new decade with several possibilities for ameliorating its impact. Beijing is shifting toward producing goods and services for the 700 million domestic consumers currently out of the economic loop. By increasing wages, social services and environmental safety, China is compensating for the loss of overseas markets. China is vastly increasing public spending on expanding public health coverage, increasing wages, and ploughing billions into basic research and technology. China's economic growth, which depended on real estate speculation, has shifted gears, as the regime has tightened lending and demanded greater municipal investment in low cost social housing for the middle and working class. To avoid a sharp downturn, leading to job losses, municipal bankruptcies and increased social and class conflicts, China is prepared to launch a massive stimulus package as it did in 2008/9. Faced with rising demands for greater economic and political liberalization from the new economic elite and working class demands for social equality and higher wages, the different factions in the Communist Party debate over greater liberalization

and gradual democratization[29]. The outcome will profoundly affect China's class structure, political institutions as well as the relative strength of market – state relations. A turn toward greater liberalization and deregulation of financial markets, as appears most likely could heighten class conflicts and provoke an economic crisis which will likely strengthen opposition to the market.

## **Russia Faces the Crises**

The post-Soviet decade (1990-1999) witnessed the greatest peacetime human catastrophe: life expectancy fell from 66 years to 58 years in the course of three years, with over 3 million Russians dying prematurely, as newly minted capitalist oligarchs plundered the economy and public treasury[30]. Incumbent dictator Yeltsin literally bombarded the opposition led parliament in buttressing his regime. He was elected President in 1996 thanks to oligarchical media manipulation, gangster dominated regional electoral processes and massive State and private funding. Over a trillion dollars of public resources, from diverse sectors including oil, gas ,banks and transport, were seized by thugs and oligarchs for a fraction of their value[31]. Living standards plunged, pensioners suffered extreme hardships and many were evicted from public housing in choice locations.

At the height of the neo-liberal onslaught over 60% of the Russian population fell below the poverty life – the greatest decline since the end of WW II. Russia fell from co-equal world superpower to a vassal state of the Euro-US Empire.

With the advent of the Putin era, at the onset of the new century, Russia began a rapid and steep recovery. During the first decade of the 21st century poverty was reduced to less than 20% of the population. Wages and salaries were paid on time and increased by over 90%. The Russian economy grew by nearly 8% per annum and its trade surpluses led to foreign reserves exceeding 300 billion dollars, Russia regained its status as a respected power in the international political arena, forming part of the rising BRIC quartet (Brazil, Russia, India and China).

Putin, while not reversing the privatization or prosecuting the oligarchic elites for illicit enrichment, did limit their stranglehold over public policy. For his pursuit of Russian national interests and opposition to US missile encroachment on its borders, he was targeted by the western media as “hardline”[32]. For winning elections and imposing some restraints on the western funded and influenced propaganda – think tanks, NGOs and media outlets he was dubbed “authoritarian” by the imperial mass media. Nevertheless, Putin's stabilization and state promoted prosperity marginalized the western backed opposition and received the popular backing of close to two-thirds of the electorate.

The election of President Putin with over 60% of the vote in 2012 was a major blow to the western backed opposition intent on turning the clock back to the Yeltsin era ... Putin promised a more independent policy and less collaboration in backing US promoted uprisings and sanctions against Russian allies like Syria and trading partners like Iran. Putin has turned toward greater trade and diplomatic ties with China. Russia benefits from the rise in oil prices, exceeding \$120 a barrel. The crises of the EU and weakening of NATO makes Obama's planned missile placements pointed at Russia less palatable and more a provocation.

The western media backed opposition, despite its financial clout failed to degrade Putin's image: its investment boycotts went nowhere and they were thoroughly beaten in the Presidential elections by a big margin. The recession has not weakened the Russian economy .Putin continues to rely on public ownership and greater dependency on overseas oil giants and oligarchs to sustain growth, an unstable and contradictory coalition.

## **The Transition 2011 - 2012: From Regional Stagnation and Recession to World Crises**

The year 2011 laid the groundwork for deepening the crises of the European Union. The crises began with the recession in the Eurozone, stagnation in the US and the outbreak of mass protests against the brutal austerity programs that slashed living standards on a continent wide scale. The events of 2011 were a dress rehearsal for a new year of popular rebellions and general strikes. Moreover, the escalation of Zionist orchestrated war fever against Iran in 2011 led to brutal sanctions and the greater likelihood of the biggest regional war since the US-Indo-Chinese conflict. The electoral campaigns and outcomes of Presidential elections in the US and France offer no relief or alternatives – neither of the leading candidates offers an alternative to the deepening global conflicts and economic crises.

During 2011 the Obama regime announced a policy of military confrontation with Russia and military encirclement of China. His policies are designed to undermine Russia's strategic defense and degrade China's rise as a world economic power. In the face of a deepening economic recession and with the decline of overseas markets, especially in Europe, Washington perversely and aggressively pursues policies limiting lucrative export to the China market and the inflow of its investments. The White House effort to disrupt China's trade and investments in Asia, Africa and elsewhere has been a dismal failure. In fact China has replaced the US as the principle aid beneficiary in Latin America and even the Caribbean. US efforts to exploit China's internal ethnic and popular conflicts and to increase its military presence off China's coastline has only encouraged China to increase its defense budget by 12% annually and to increase its investments in domestic security and social programs. A major provocation or fabricated offshore incident in this context is not to be excluded. US failed efforts to stem the rise of China has led to rabid chauvinist calls by right-wing pundits for a costly new 'Cold War'. Obama's Far East military build-up has provided the framework and justification for a large-scale, long-term costly confrontation with China. This is a desperate effort to prop up declining US influence and strategic positions in Asia. However, the US military "quadrangle of power" – US-Japan-Australia-South Korea – with satellite support from the Philippines is not match to China's deepening trade, investment and currency ties with regional partners in Asia, and its growing financial links with Latin America and Africa. Washington's military build-up exists in an economic vacuum, devoid of any new economic initiatives. It only serve to exacerbate the domestic fiscal deficit, while its military bases, troop emplacements, and arms spending add to the balance of payments deficit.

The austerity programs imposed in Europe, from England to Latvia to southern Europe took hold with a vengeance in 2012. Massive public sector firings and reduced private sector salaries and job opportunities, led to a year of permanent class warfare and regime challenges. The 'austerity policies' in Southern Europe were accompanied by debt defaults resulting in substantial bank losses in France, Germany and England. The British financial ruling class successfully pressured the Conservative/Liberal coalition regime to increase regressive taxes, reduce corporate taxes, privatize public health and education and repress popular unrest. A new tough neo-Thatcherite style of autocratic rule based on greater police powers over private communications has been legislated. The opposition Labor-trade union alliance has relied on vacuous verbal protest while tightening the leash on the rebellious rank and file. The regressive socio-economic policies put in place from 2008 to 2012 throughout Europe have set the stage for new non-elected technocratic and police-state regimes which in turn lead to more acute social confrontations. The second decade looms as a "lost decade" for workers and unemployed youth with no future.

## **The Coming Wars that Ends America "As We Know It"**

The impossible demands that the Israeli regime dictated when the P-5 plus one announced the



opening of a new round of negotiations with Iran have become the bases for Washington's 'non-negotiable demands'. Israel, via Washington, demands that Iran dismantle its newly built multi-billion dollar modern nuclear research center at Fordo, stop all uranium enrichment, destroy what they call "military grade enriched material", (uranium enrichment to 20%) and allow permanent and pervasive International Atomic Energy Agency monitoring of all Iranian defense facilities[33]. No country among the over one hundred engaged in nuclear research is subject to these conditions. In fact, Iran is well within the parameters of international law and the non-proliferation agreement - while Israel rejects any international inspection of its nuclear weapons stockpile and never signed the non-proliferation agreement.

The Iranians propose to negotiate the terms of enrichment limiting the quantity, level of enrichment and inspection. But certainly and justifiably they will not destroy their advanced research facilities, nor end all enrichment. In other words the Israeli-Zionist-Washington position is devised specifically to sabotage a reasonable compromise that assures the peaceful usage of Iran's nuclear program. The purpose is to create a pretext for claiming that "negotiations" were "tried" but failed and that a military attack is "justified".[34]

Under Obama, as with his predecessor, the US has demonstrated its unyielding embrace of the doctrine of foreign policy by unilateral fiat in pursuit of a unipolar world.

Washington rejected a negotiated settlement of the Libyan crises: it backed an all-out air and maritime war, marked by military success and the total destruction of its economy, society and political order[35].

US and its NATO satraps and Gulf state clients demand that the Syrian government unilaterally curtail its military defense of the country while they continue to provide arms, financial aid and mercenaries to the armed opposition. In effect the US backs a unilateral cease fire to facilitate the advance of their client mercenary "rebels"[36].

The US, alone and without a single supporting country, insisted that Cuba be excluded from the "summit of the Americas" in Cartagena Colombia in April 14-15, 2012[37]. The attending countries made it clear to Obama that this will be that last summit in which Cuba will be excluded[38]. A unilateral US veto over Latin America's progressive policies is dead and buried. In contrast the US, the Euro zone and Israel ally with the most retrograde regimes, like the Gulf petrol-dictators in pursuit of their colonial wars. Policies rejected by the major power in Asia (China, India) Latin America (Brazil, Argentina) Africa (South Africa) and Russia. In other words, despite growing international isolation and the tremendous chaos and destruction which colonial wars bring in their wake, the Zionist-militarist-Wall Street complex that rules the US and therefore NATO, refuses to reflect and reconsider the realities of the 21st century. Washington fails to recognize a multi-polar world, that colonial wars destroy empires and that an imperial policy dictated by a minority elite aligned to a racist-military-colonial regime can only lead to disasters.

Obama has laid the groundwork for a new and bigger war in the Middle East by relocating troops from Iraq and Afghanistan and concentrating them against Iran. To undermine Iran, Washington is expanding clandestine military and civilian operations against Iranian allies in Syria, Pakistan, Venezuela and China. The key to the US and Israeli bellicose strategy toward Iran is a series of wars in neighboring states, world- wide economic sanctions , cyber-attacks aimed at disabling vital industries and clandestine terrorist assassinations of scientists and military officials. The entire push, planning and execution of the US policies leading up to war with Iran can be attributed to the Zionist power configuration occupying strategic positions in the US Administration, mass media and 'civil society'. Even the financial press highlights the political influence of Jewish money in the

election and selection of presidential candidates and policy makers: The Financial Times highlights the role of the 1% Jewish power elite in its tittle article "The Jewish Vote: Small segment but a big role in raising funds"[39]. Equally important, it is public knowledge that leading Israeli backed and Zionist run foundations play a deciding role in designing US and Euro- zone sanctions policy toward Iran, which prejudices their economies. According to the Financial Times "Mark Dubowitz, executive director of the Washington-based Foundation for Defense of Democracies (sic) who helped write the latest sanctions bill admits that there is a risk oil prices could rise even further"[40]. A systematic analysis of policymakers designing and implementing economic sanctions policy in Congress finds prominent roles for leading Zionists such as Waxman, Ileana Ros-Lehtinen, Levin, Cantor, Berman and their numerous camp followers. Dennis Ross in the White House, Jeffrey Feltman in the State Department and David Cohen in the Treasury, ensure that the White House toes the Israeli line. The Obama regime, in the midst of the presidential re-election campaign, is especially beholden to multi-millionaire Zionist fund raisers and takes its cue from the '52 Presidents of the Major American Jewish Organization. Combined they raise over 50% of the Democratic party campaign funds. The Israeli-US Zionist strategy is to encircle Iran, weaken it economically and attack its military. The Iraq war is the US "model" for its current build up for an attack on Iran. Israel is the principle political and military beneficiary of the Iraq and Libyan wars as is the case in the current proxy war against Syria. These wars have destroyed Israel's adversaries or are in the process of doing so. But the economic, political and human cost to the US has been enormous: trillions of dollars in war debts have bled the US treasury, without any economic returns, as US oil profits have been sacrificed in Iraq and Iran.

Economic sanctions, which were designed to create domestic discontent in Iran, are the principle weapon of choice. This policy has backfired as it boosted the price of oil by 20% in 2012, undermining any economic recovery in the EU and the US. The global sanctions campaign which engaged the energies of the major Jewish-Zionist lobbies succeeded as the Obama regime followed with an escalation of financial sanctions. The US-NATO- Israeli regimes have faced no opposition from the mass media, Congress or the White Office. The Zionist power configuration (ZPC) is even virtually exempt from criticism by most progressive writers, peace movements and leftist grouplets - with a few notable exceptions. The past year's re-positioning of US troops from Iraq, the dispatch of aircraft carriers off the coast of Iran, the economic sanctions and the rising pressure from Israel's "lobby" in the US increases the likelihood of war in the Middle East. This likely means a "surprise" aerial and maritime missile attack by US-Israeli forces. Israel's pretext of an "imminent nuclear attack" and White House claims that the "failure" of Iran to negotiate in good faith will be faithfully transmitted by the Israeli lobby to their lackeys in the US Congress and to the western public for consumption and transmission to the rest of the western world. Contrary to Israeli leaders this will not be a limited war: Iran is capable of sustaining a prolonged war, extending across the Gulf region. Iran is capable of crossing borders into Iraq aided by its Shi'a allies". It can paralyze the flow of oil in the Hormuz Straits. It can send missiles into the Saudi oilfields. A US-Israeli war on Iran will be destructive, bloody, prolonged war which could provoke a global depression. The US will bear the direct military cost by itself and the rest of the world will pay a dear economic price. The Zionist promoted US war will convert the recession of 2008- 2012 into a major depression and probably provoke mass upheavals.

## **Conclusion**

The world configuration of power in the new decade is far more complex than the designation concocted by the leading banking houses[41]. For example, the "BRICs" includes a truly global power, China, a center of manufacturing, science and growth; Russia a military power highly dependent on energy exports and lacking a competitive manufacturing sector; Brazil is a commodity-dependent export economy suffering economic stagnation; and India where three quarters of the

populace live at a or below \$3 a day. The decline of the US-EU axis is not accompanied by a new multi-polar global power configuration. The crises engendered by neo-liberalism in the West is accompanied by its growth in Asia, especially China, India, South Korea and Indonesia. The decline of neo-liberalism is not accompanied by the rise of socialism: in Southern Europe, authoritarian rightist regimes buttress the crises-racked neo-liberal order by imposing policies by fiat and by criminalizing the social movements and civil disobedience and by centralizing executive power. By ignoring financial speculation as the detonator of the crises and the state bailout of the banks for the high indebtedness, the regimes perversely blame popular social program for the crises and impose harsh anti-popular austerity programs which lower living standards and increase profits. The debate between neo-liberals and neo-keynesians focuses on 'austerity' versus 'spending' - neither of which faces the class bases of state policy and the class relations which define economic costs and benefits. What is clear throughout the prolonged socio-economic crises is the impermeability of the state: despite mass disaffection, repeated general strikes and multitudinous and demonstrations, the capitalist state ignores majoritarian interests and persists in imposing savage retrograde reductions in living standards. Capitalist rule in the West is based on a reversal of seventy years of social gains. The reality of growing immiseration replaces the idea of social progress. We have passed from the so-called "golden age" of post-World War II capitalism to the long night of the "dark ages" of capitalism, an epoch of decay and descent into barbarism.

All indications point to the second decade of the 21st century being an epoch of unrelenting economic crises spreading outward from Europe and the US to Asia and its dependencies in Africa and Latin America. Catastrophic imperial and proxy wars accelerate the continued decay of the US empire and facilitate the rise of Asia as the epicenter of world capitalism and as the site for rising class conflict. The crisis in capitalist class rule is truly global and is spilling over into sharpening inter-imperialist trade confrontations. Colonial wars are undermining any efforts to ameliorate this crisis. Prolonged economic crises and a never ending downward spiral in living standards, fueled by class based austerity programs designed to reduce wages and social benefit and increase profits. In response emerging mass social movements are playing a dominant role within the anti-capitalist opposition. Direct action is gradually overshadowing electoral politics, moving over time from protests and rebellions, toward overt struggles for state power.

[1] On the continuing recession in the euro zone especially in Greece, see Financial Times, 2/16/12, p.2.

[2] Financial Times, 12/15/11, p. 3.

[3] BBC Business News, 4/2/12.

[4] LaJornada, 4/12/12.

[5] Edward Luce, *Time to Start Thinking: America and the Spectre of Decline* (Little, Brown: 2012)

[6] Financial Times, 2/16/12.

[7] *ibid*

[8] LaJornada, 4/10/12, and Financial Times 1/11/12, p.7.

[9] Financial Times 3/2/12

[10] International Monetary Fund "Projections for Growth 2012", March 2012.

- [11] Financial Times, 4/11/12, p. 6.
- [12] *ibid*
- [13] Financial Times, 12/12/11, p. 1.
- [14] Financial Times, 12/15/11, p. 1
- [15] Earthlink news 2/6/2012
- [16] BBC News 2/13/2012
- [17] Executive Order - National Defense Resource Preparedness, March 16, 2012; Stephen Lendman, "Police State America", [www.FreedomsPhoenix.com](http://www.FreedomsPhoenix.com)
- [18] Financial Times 12/16/2011 p 3
- [19] Financial Times 12/16/2011 p6
- [20] James Petras, *The Power of Israel in the United States* (Clarity Press, Atlanta 2006).
- [21] James Petras, "On Bended Knee: Zionist Power in American Politics" in James Petras *War Crimes in Gaza* (Clarity: Atlanta 2010) pp. 69 -104
- [22] James Petras, "US-Israeli War on Iran: The Myth of Limited Warfare", *Axis of Logic*, 4/15/2012; *New York Times*, 3/21/2012; *Financial Times*, 3/24/2012 p 7. <http://petras.lahaine.org/?p=1894>
- [23] *Chinaworker.info* 3/18/12.
- [24] *Financial Times* 2/29/12, p. 13.
- [25] "A Bumper Year for Chinese Science" *Science* Vol. 335, March 9, 2012, p. 1156.
- [26] Dexter Roberts "Chinese Premier Wen Jialao Talks Like a Bold Reformer", *Bloomberg Business Week*, 4/4/12.
- [27] Editorial *Financial Times*, 4/13/12, p. 8.
- [28] Martin Hart-Landsberg, "China and Neoliberalism" <http://media.1clark.edu>
- [29] Martin Wolf, "China is Right to Open Slowly". *Financial Times*, 2/29/12, p. 13.
- [30] David Hoffman, *The Oligarchs* (Public Affairs: New York 2002).
- [31] Hoffman *op. cit.* Part Two, pp. 177 - 324.
- [32] The entire western press including the *New York Times*: the *Financial Times*, to the *Washington Post* and *El País*, *Le Monde* have waged a savage propaganda campaign against Putin and in defense of the Yeltsin era, overlooking the enormous differences in quality of life.
- [33] *BBC News*, 4/5/12.

[34] Financial Times, 3/6/12, p. 9.

[35] BBC News, 4/15/12.

[36] BBC News, 4/16/12.

[37] LaJornada 4/16/12.

[38] Ibid.

[39] Financial Times 3/6/12, p. 9.

[40] Ibid.

[41] Claudio Katz "El ajedrez global de la crisis" <http://www.lahaine.org/index.php?p=27426>, p. 7.

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Cleaves Alternative News. <http://cleaves.lingama.net/news/story-3219.html>