

Overview: War, Crisis, and Transition

Gregory Shank*

NEWLY ELECTED PRESIDENT BARACK OBAMA FACES THE THANKLESS TASK OF RESCUING the key financial and productive institutions of American capitalism, reforming and strengthening international financial institutional arrangements, extricating the country from two hot wars and countless worldwide military entanglements, and putting in place a non-carbon energy architecture sufficiently robust to save the planet from a meltdown. Many of these underlying issues form the substance of contributions to this edition of *Social Justice*. President Obama must also restore the image of the United States, which was badly tarnished by the Bush administration's abandonment of the Geneva Conventions, the rule of law, and multilateralism, all of which were compounded by extra-constitutional abuses of power at home. To introduce meaningful change that "we can believe in," Obama must take on a powerful financial oligarchy, the energy monopolies, and the military-industrial complex. Much has already been accomplished, but unless he changes course, his two greatest mistakes may be his management of the banking crisis and his expansion of the war in Afghanistan to Pakistan, programs begun under George W. Bush, but which are acquiring Obama's imprint as time passes.

Obama's presidency represents a period of transition, a new departure conditioned by the worst economic crisis since the 1930s and an impending restructuring of U.S. and global capitalism. Statements that a year ago would have seemed hyperbolic have become the new common sense. Former Federal Reserve chairman Paul Volker referred to measures to treat the current crisis as a revolution, the destruction of a world financial Potemkin village. John Gray, professor of European Thought at the London School of Economics, declared the financial crisis to be the American equivalent to the fall of the Soviet Union. And U.K. Prime Minister Gordon Brown described the wrenching economic devastation as "the birth pangs of this new global order," and at the Group of 20 (G-20) summit in April 2009 added that "the old Washington consensus is over." The crisis is serious and probably worsening. The IMF announced that global growth would slow below zero in 2009. Given the slowdown and the squeeze on worldwide investment, the International Labor Organization says the number of unemployed workers in the world could reach 230 million in a worst-case scenario (*Asahi Shimbun*, 2009).

Such moments hold the potential for dramatic shifts in the relative position of the Great Powers in the international system of states, as well as within the political classes commanding the levers of power within nations. The Great Depression

GREGORY SHANK is the Managing Editor of *Social Justice*. He is currently working on a book with Paul Takagi on Franklin D. Roosevelt's mistreatment of Japanese Americans.

of the 1930s represented the terminal crisis of British dominion over the world economy; the U.K.'s political influence slipped worldwide, as the United States gained ascendancy. Meanwhile, it took a world war to reverse high unemployment rates (24.9% of the labor force in 1933) and the trend of cascading bankruptcies that had paralyzed Franklin D. Roosevelt's America.

Such moments also hold the potential for tectonic shifts in the dominant ideology. For instance, the Great Depression discredited social Darwinist premises and the eugenics movement, along with the conservative business and academic elite that promoted them. The idea that biologically inherited traits determined economic success was completely debunked by the Depression, which devastated the lives and prospects of rich and poor alike. Today's crisis has similar overtones for conservative policies of explicit favoritism toward the rich, malignant neglect of public institutions and a bias against public regulation, outright malfeasance, and the rampant privatization of public-sector institutions, from water systems to prisons/immigrant detention and the U.S. military. The spectacular systemic collapse brought about by the financial sector forever discredits the argument that the naked pursuit of self-interest is synonymous with the general welfare. With the state having to bail out the megabanks and icons of U.S. corporate capitalism such as General Motors, the neoconservative project, initiated in the Reagan/Thatcher period, has proved to be as bankrupt as the model of capitalism it promoted.

Economic measures taken to counter crises can produce unintended consequences. Franklin D. Roosevelt (FDR) lacked strong instincts about racial injustice (to say the least, given his imprisonment of Japanese-American U.S. citizens in concentration camps). He consistently appeased the Jim Crow South, infuriating black leaders by tolerating blatant discrimination by New Deal agencies and refusing to back legislation against lynching. Indeed, Roosevelt's New Deal, by industrializing and enriching the South and West without revolutionizing these regions in terms of racial injustice, empowered the most reactionary conservatives in the U.S., allowing them to eventually set the national political agenda. Lyndon Johnson's commitment to civil rights became a pretext for the South to embrace the Republican Party and become the keystone to the political dominance of right-wing presidencies from Nixon through George W. Bush (see Lind, 2005). The agenda of triumphant southern conservatives and their allies in other regions came to dominate national politics: a low-wage society with weak parties, weak unions, and a political culture based on demagogic appeals to racial and ethnic anxieties, religious conservatism, and militaristic patriotism (*Ibid.*: 285). Barack Obama's successful presidential run promises to break that pattern and introduce a new civility in the national political culture.

The Global Crisis and the Response

Until the meltdown of September 16, 2008, when the world financial system ground to a halt, the Bush administration had stumbled along in the belief that it had

a subprime crisis on its hands, not a full-fledged financial crisis. But the collapse of the financial bubble was an epiphenomenon of a more deep-seated structural malaise affecting the economy. This crisis emanated first from Wall Street, then to London's financial sector and into the periphery, as highly leveraged firms became insolvent and the world financial architecture effectively collapsed. Underlying the financial panic was the fact that the debt-based model of consumption (and, conversely, of production) driving world economic growth had become unsustainable. So, too, had the policy of managing serial bubbles, which for decades produced fabulous, if ephemeral paper wealth for many and real fortunes for a few, but also endemic crises—roughly one every 2.5 years (Summers, 2009: 8)—across multiple continents simultaneously. The term financialization encapsulates a three-decade process in which the finance, real-estate, and insurance sector overtook manufacturing by the 1990s and then surged past it as a share of the U.S. gross domestic product (GDP). Historically a sign of late-stage debilitation of world economic powers, the phenomenon has been “marked by excessive debt, great disparity between rich and poor, and unfolding economic decline” (Phillips, 2006: 268). Former Republican strategist Kevin Phillips (2008, 2006) and the *Monthly Review*'s John Bellamy Foster and Fred Magdoff (2009) provide excellent book-length treatments of this subject, so only a few points require comment here.

After 1987, the United States became the world's principal debtor. Throughout the Bush years, all U.S. debt—national, international, financial, corporate, and household—maintained a record-setting pace. In the process, most Americans personally became spectacularly unsuccessful accumulators of wealth while drowning in a sea of goods made in China for Wal-Mart credit-card purchases. Before the financial meltdown, personal consumption—prodded after September 11 by exhortations to fiscal patriotism—comprised over 70% of U.S. GDP (in contrast to just under 60% in Japan, 57% in Germany, and 35% in China), a rate President Obama and U.S. consumers now know was unsustainable (see Abate, 2009; LaFraniere, 2009). Bloated health-care costs diminished household incomes, increasing indebtedness and reducing workforce productivity. College tuition more than quadrupled after 1982, with many universities financing their growth by escalating student debt (Bearer-Friend, 2008). A broken educational system failed to produce sufficient numbers of the technical-professional personnel needed for the high-tech corridors along the East and West Coasts.

Discussion of a national industrial policy, initiated in the 1980s by high-tech companies, was settled in favor of the financial sector by a biased federal policy that offered it high-level access, strategic bailouts, and extremely low interest rates to feed its casino mentality toward leveraging capital. Bill Clinton opened the floodgates to financial-sector contributions to the Democratic Party. His centrism moved the party away from traditional Democratic constituencies such as labor and minorities, and favored policies promoted by Wall Street types such as Treasury Secretary Robert Rubin over structuralists like Labor Secretary Robert Reich, who

advocated industrial policy. The financial sector's ever-climbing share of GDP, proximity to power, and massive lobbying efforts resulted in the dismantling of the regulatory framework designed to protect the public in relation to financial institutions. In the last decade alone, it invested five billion dollars in campaign contributions and lobbyists to bring about deregulation (Sirota, 2009a).

The debt-and-credit industrial complex that emerged did so at the expense of manufacturing, including the high-tech sector after its 2000–2001 fall. To be sure, the United States remains the world's leading manufacturer by value of goods produced, hitting a record of \$1.6 trillion in 2007. For every \$1.00 of value produced in China's factories, the United States generates \$2.50 (Manning, 2009). But by 2004, 40% of all corporate profits in the United States came from the financial sector, compared with only 10% from the manufacturing sector (Phillips, 2006: 284). U.S. firms moved to high-end manufacturing in pursuit of higher profits. In part, that meant adding financial services. General Motors expanded GMAC as its finance arm in the late 1960s, and General Electric, which makes energy products such as gas turbines for power plants, spun off GE Capital, which generated 42% of group profits in 2000. Agribusiness became a factor in energy production and firms such as Intel became an integral part of the military-industrial complex, which sold \$200 billion worth of aircraft, missiles, and space-related equipment in 2007 (Manning, 2009).

The pursuit of higher profit rates has meant shedding industries with high wages, pensions, and good benefit packages (such as unionized autoworkers). A measure of the offshoring of American jobs is that U.S.-based transnationals increased the share of U.S. company profits from overseas business from 26% to a record 37% in the past two years (Cooper, 2008). The net effect of financialization on the U.S. workforce has been a narrowing of the country's employment base, restricted distribution of the financial sector's concentrated profits to a much smaller proportion of the population (Phillips, 2006), a declining share of the national income going to labor (with a corresponding undermining of aggregate demand), and a loss of clout for labor's representatives—a key component of Roosevelt's New Deal coalition—in Washington.¹ A long period of absence ended when President Obama invited labor leaders to a White House ceremony in early 2009.

President Obama's presidency already reflects the economic contradictions of the forces that helped him get elected. William Greider asks whether Obama is “trapped between the governing elites who decide things and the people who are governed.” The president must balance the interests of the Democratic coalition. On one side are stakeholders such as the entertainment industry, venture capital, which favored the Democrats by a margin of three to two in the 2000 presidential campaign, and investment banks and other megabanks clustered geographically in Democratic strongholds, which since 2002 have strongly favored Democrats over Republicans in campaign funding (Lind, 2005: 282; *opensecrets.org*). A counterforce in his coalition is the emerging majority of people of color, women,

and youth that invigorated his campaign and offer an alternative to elite control of both major parties.

Although Obama does not like the word “redistributionist,” his tax cuts and budget reflect the essence of his market-oriented redistributive philosophy. They seek to begin to close the gap created by a 30-year trend of rising inequality in incomes and wealth (Leonhardt, 2008). With profits stagnating in industrial enterprises worldwide and the shift to speculative financial manipulations, the distribution of income worldwide and within countries became very skewed. Along with a massive increase in the income of the top 10%, and especially of the top one percent of the world’s populations, there was a decline in the real income of much of the rest of the world’s populations (Wallerstein, 2008). Peter Orszag, Obama’s budget director, cites similar numbers with respect to the polarization of wealth within the United States (see Dionne, 2009).

Former U.S. Labor Secretary Robert Reich (2009) claims that President Obama is a structuralist, a tendency that sees the economic stimulus as the first step toward addressing deep structural flaws in the economy and that argues that better managing or averting bubbles through monetary policy will not avoid future downturns.² Besides reversing stalled median U.S. incomes, structuralists address the need for action on climate change, as well as for reducing an unsustainable dependence on oil and growing U.S. reliance on foreign capital, mostly from China, Japan, and the Middle East. Obama’s budget, which encapsulates the moral obligation of “being your brother’s keeper,” is a complementary effort that recognizes that the current conjunction of economic, financial, social, and environmental crises must be met with an integrated strategy. This platform promotes a moderately more equal country, a “responsible capitalism” in which the economic role of government is enhanced by necessity. Hence the goals of something approaching universal health care, with lower costs (including Medicare and Medicaid), restoring quality education, and developing a non-carbon-based energy and manufacturing infrastructure. Budgets are inherently political and Bush’s “guns and butter” budgets, begun under Ronald Reagan, were a rationale for reversing the legacy of the New Deal and more recent efforts to protect workers, consumers, and the environment. Obama’s budget indicates a turnaround.

To date, President Obama’s dealings with failing banks and insurance companies follow the route set out by his predecessor and promote the interests of the dominant financial sector. The revolving door between the investment-banking firm Goldman Sachs and the Treasury Department was well established under the Bush administration, and the financial sector enthusiastically supported the Bush family. “In mid-2004, the Center for Public Integrity tabulated the leading lifetime patrons of George W. Bush: the big four were Morgan Stanley, Merrill Lynch, PricewaterhouseCoopers, and MBNA” (Phillips, 2006: 283). President Obama has pulled together a surprisingly narrow economic team. It excludes left Keynesians (even Paul Volcker has been sidelined) and gives prominence to functionaries that

have recently consulted for the hedge fund and banking industry, are protégés of Citigroup's Robert Rubin and Larry Summers (Obama's National Economic Council director), both of whom helped tear down the regulatory walls between banks, brokerages, and insurance companies, or who recently lobbied for Goldman Sachs, such as Treasury Secretary Geithner's top aide, Mark Patterson (see Calmes, 2008; Taibbi, 2009; Sirota, 2009a).³

Instead of restructuring the banking sector and unclogging credit markets, the current economic rescue program infuses capital into insolvent institutions that are "too big to fail." So far, Wall Street has received \$12.8 trillion worth of taxpayer loans, grants, and guarantees, according to Bloomberg News. Thus, the latest transformation of government could unintentionally restore the dominance of the financial oligarchy—to use the expression of Simon Johnson (2009), a former IMF chief economist and director of its research department—and further consolidate a corporate state (Greider, 2009a, b). Joseph Stiglitz proposes that President Obama has confused saving the banks with saving the bankers, when the first obligation should be to serve the economy and serve society. Such critics suggest that Obama should adopt Theodore Roosevelt's (and at times FDR's) trust-busting approach to create a new financial and banking system, one consisting of far more numerous, smaller, diverse, and regionally dispersed banks and investment firms. Resuscitating too-big-to-fail behemoths gives them an inside track to the government spigot, and puts healthy regional and local firms at a disadvantage. Given the inherent tendency of capitalism toward monopoly, Greider argues, this enables megabanks to monopolize democracy.

Upon becoming president, Franklin D. Roosevelt, himself born to wealth and a creature of the banking community, restructured the banking system and threw overboard ineffectual policies and approaches as the Great Depression deepened. Barack Obama has humbler roots, but is similarly pragmatic. While lecturing on constitutional law at the University of Chicago, his economic worldview formed through association with liberals who thought Milton Friedman, the godfather of the free-market Chicago School of economics, was right about a great deal, just not everything (Leonhardt, 2008). Obama departed from Chicago believing that "there is a connection between the freedom of the marketplace and freedom more generally," but "there are certain things the market doesn't automatically do." Appraising the greatest risks to capitalism today to be too little regulation, he identified the need for a moral element to capitalism and said that the crony capitalism of recent years should be the nightmare of any market-loving economist (*Ibid.*). Obama's first economic adviser, Austan Goolsbee, was a University of Chicago professor who shares Obama's market-oriented Democratic views. Goolsbee is now involved in fixing the housing crisis and chief deputy to Paul Volcker, whom Obama named chairman of the Economic Recovery Advisory Board.

President Obama's reference to a "lost decade" reveals an awareness of the possibility of a longer-term period of stagnation such as that which befell Japan in

the 1990s—or even of a downturn that economists refer to as a Depression-sized event (Meckler and Weisman, 2009). His economic team speaks mainly of a near-term recovery, by 2010. Economists surrounding Obama who are conversant with the Great Depression—Council of Economic Advisers chair Christina Romer and Federal Reserve Chairman Ben Bernanke—share the prejudices of an academic discipline that alone has consistently moved rightward in the United States in recent decades. After 1980, the systematic cannibalizing of New Deal institutions and economic arrangements began in earnest. Milton Friedman and Anna Schwartz' 1970 *Monetary History of the United States* was a central ideological pillar that justified dismantling the New Deal regulatory apparatus. They argued that unfettered free markets, not fiscal and industrial policy, pump priming, deficit spending, and jobs programs, could allocate capital to its highest and best use. Christina Romer's work on the Depression buttressed their thesis, which maintained that the severity of the Great Depression was due to the Federal Reserve Board's overly restrictive monetary policies. Friedman did admit that the New Deal's Federal Deposit Insurance Corporation was "the structural change most conducive to monetary stability since...the Civil War" and acknowledged that rising commodity prices in the 1930s were due to "increasingly strong unions and increasingly strong monopoly groups in the process of raising their wages and prices to levels consistent with their newly acquired monopoly power" (in Steindl, 2004: 112). A Republican holdover, Ben Bernanke's academic work also follows in Friedman's footsteps on the Great Depression.

Ominous signs of a longer-term contraction exist, but there is little agreement on the probable duration of the crisis or the institutional arrangements needed to prevent a recurrence. As in the 1930s, this contraction is global in scope. U.C. Berkeley economist Barry Eichengreen states that it is equally or more severe than the first nine months of the Great Depression, which lasted four years, excluding the temporary recovery in 1933 that was followed by another sharp downturn. The collapse in industrial production since August 2008 has been more severe than after 1929. World stock markets have fallen further than in the crash of 1929, and world trade has collapsed even faster than it did in 1929 and 1930 (see Lochhead, 2009). University of Maryland economist Peter Morici, who predicts a depression, states that the current 8.5% official rate of unemployment is closer to 17% if discouraged workers and involuntary part-timers are included. Projections for intensified joblessness through 2010 push the rate closer to the 25% experienced during the Depression. Levels of household debt as a percentage of GDP and the extreme polarization of wealth are also comparable to the 1929 period. The last time the top one percent of the U.S. population took home over 20% of the nation's income was 1928 (Reich, 2009). Moreover, total credit-market debt—government, business, financial, and household—peaked at 287% of GDP in the era surrounding the 1929 crash; in 2004, the figure reached 304% (Phillips, 2006: 272).

The world-spanning nature of the crisis makes global coordination imperative. Given the evaporation of the shadow-banking sector, the world financial architecture will be reconfigured. Euro-zone countries emphasize putting proper global regulatory structures in place rather than boosting government debt to stimulate consumption during a crisis of overproduction and a deleveraging of the financial bubble. No mechanism for a revival of previous levels of consumption appears on the horizon. U.S. households have lost \$12 trillion in plunging real estate and stocks and cannot serve as the driving force behind the world economy (Lochhead, 2009). The European Central Bank expects the euro-zone economy to shrink by 2.2% to 3.3% in 2009, and the IMF expects Japan's to slip by 2.6%.

Because the social state is more extensive in euro-zone countries, they are buffered against the downturn in terms of health, pension, and unemployment coverage in a way the United States currently is not. The United States expects countries with chronic and regular trade surpluses — Japan, Germany, and China — to use their vast reserves to spur the kind of domestic consumption capable of getting the global economy moving again. However, their domestic and regional political-economic priorities make that unlikely. Japan's banks are teetering due to their collapsing stock-market holdings; Japanese exports fell by 46% in January 2009, and it cannot rely on domestic consumption to compensate (Tabuchi, 2009). The long contraction has wiped out at least 20 million jobs in China (McDonald, 2009), provoking a massive migration inland and a government attempt to quickly develop an internal market. China has pledged more social spending, with a \$123 billion three-year initiative to deliver basic, universal health care and health insurance to nine in 10 Chinese, following a three-year drive to provide compulsory, free education to students through ninth grade (LaFraniere, 2009). Germany is holding reserves to bail out Eastern European nations that engaged in profligate borrowing and the Austrian and Italian banks that offered them unwise loans during the bubble.

Finally, the roles of international lending institutions are changing and the emergence of alternate regional sources of credit and development aid is imminent in Asia and Latin America. China, India, and Brazil are demanding more influence in the IMF, especially enhanced voting rights. At the April 2009 G-20 meeting, Chinese President Hu Jintao called for "a new international financial order that is fair, just, inclusive, and orderly." After that meeting, IMF managing director Dominique Strauss-Kahn proudly proclaimed: "The IMF is back!" Two years ago, in a fit of hubris the idea was "consistently projected that the IMF would not have to help emerging countries any more," and that the "financial markets would take care of it," reported Jean-Claude Trichet, president of the European Central Bank (Schwartz, 2009). At the opposite pole, Joseph Stiglitz had argued that the IMF should be abolished due to the deleterious effects of its policies on poor nations. The IMF has consistently been the most powerful financial institution in the world. Ostensibly an organization of 182 member countries, in practice it is controlled by the U.S. Treasury Department (Weisbrot, 1999). Further debt cancellation for

the Third World is probable, and the IMF has pledged “fewer and more targeted” conditions. Matthew S. Williams’ article covers this topic from the vantage point of Bush administration policies in this issue of *Social Justice*.

Diplomacy, Counterterrorism, or Demilitarization

In his address before the National Defense University (March 2009), President Obama made it clear that the United States, which already has the strongest armed forces in the history of the world, would maintain its military dominance. However, he implicitly disavowed the unilateralism of the Bush-Cheney years, suggesting that the United States cannot defeat global threats alone. The world, he said, cannot “meet the tests of our time without strong American leadership” (March 12, 2009). In an increasingly multipolar world, the term “strong partnership” might be preferable. Obama reiterated the theme that the United States must balance and integrate all elements of national power, including diplomacy, use of the military, and civilian national security capabilities. He stressed his commitment to increasing the size of U.S. ground forces and investing in the skills troops need to succeed in unconventional warfare. This effort, he claimed, will unfold in the universities and in the field, enhance governance and the rule of law, and attack the causes of war around the world. The battlefields of the 21st century, Obama said, already include war with terrorists in Afghanistan and Pakistan, the proliferation of deadly weapons, emerging cyber threats, a dependence on foreign oil, as well as poverty, disease, the persistence of conflict, and genocide.

A noteworthy departure from the Bush-Cheney “war on terrorism” came in the testimony of Admiral Dennis C. Blair, President Obama’s new director of national intelligence, before the Senate Select Committee on Intelligence (February 12, 2009). For Blair, “the primary near-term security concern of the United States is the global economic crisis and its geopolitical implications.” He noted that the collapse of Wall Street “has increased questioning of U.S. stewardship of the global economy and the international financial structure.” Intelligence analysts had observed that economic crises increase the risk of “regime-threatening instability” if they persist over a one- to two-year period. The current crisis already meets that criterion, with no bottom yet in sight. If a worst-case plunge into a new Great Depression should come about, the world could revisit the “economic turmoil of the 1920s and 1930s in Europe, the instability, and high levels of violent extremism.” Blair added that “much of Latin America, former Soviet Union states, and sub-Saharan Africa lack sufficient cash reserves, access to international aid or credit, or other coping mechanisms.” President Obama has suggested that to address growing national security concerns set off by the economic crisis, he would focus on assuring that emerging markets would have access to credit. For the poorest countries, he said he would attempt to figure out how “we make sure that their food supplies are adequately dealt with.” As in the 1930s, less money is available today for daily consumption of all kinds for the bottom 90% of the world’s population; protests are already mounting

worldwide (see Klare, 2009b; Wallerstein, 2009). The predictable unrest will be met with a combination of coercion and social-democratic welfare measures, with populist appeals gaining traction.

This issue of *Social Justice* explores the moral responsibility of individuals in a time of war, the complicity of international financial institutions in Africa's tragic genocides, the dumping of toxic waste in the Third World, and the damage done internationally by neoconservative wars of choice and the use of torture. As Bill Felice observes in this issue, moral principles do not produce a strategy for justice. Only human rights can establish the minimum standards of decency toward the treatment of the individual and imply duties for individuals, governments, and non-state actors (including international financial institutions and multinational corporations). Thus, international human rights carve out a realm of protection for individuals and groups, and no actor can legitimately violate these norms. The Obama administration seems to be reconnecting to these values. It has nominated Harold Hongju Koh, the Yale Law School dean who described the quality of legal work in Bush's Justice Department memorandums on torture as "embarrassing" and "abominable," to be the State Department legal adviser (Knowlton, 2009). However, President Obama seems content to leave challenges regarding the international crimes of the Bush administration (such as authorizing torture) to overseas actors, with Spain again considering the use of the "universal jurisdiction" provision to prosecute foreign nationals for war crimes and crimes against humanity (Cohn, 2009).

Will President Obama's determination to restore respect for the rule of law in U.S. international relations ultimately challenge its role as the sole superpower responsible for global policing, with the serious economic dependencies on the rest of the world and indebtedness that role has implied? Obama immediately swept away the Bush administration's infamous legal justifications (with the connivance of the United Kingdom) for counterterrorism abuses by forbidding torture (including waterboarding), closing Guantánamo, applying the Geneva Conventions to prisoners arrested as terrorists, ordering a stay on military tribunals, abolishing secret CIA prisons for wartime suspects, and severely restricting the policy of "extraordinary renditions" (see Drew, 2009). Along with warrantless searches and wiretapping programs, these practices epitomized the extra-constitutional prosecution of the "war on terror." The new attorney general, Eric Holder, has expressed support for balancing civil liberties with security concerns, but civil libertarians and organizations such as the ACLU have already expressed alarm that Obama administration policies have not made a decisive enough break with Bush-Cheney policies, especially by treating terror suspects as a military, rather than criminal justice matter, and claiming the authority to seize and detain individuals captured beyond the battlefield indefinitely and without charges.

Contributors to this issue discuss refining the mechanisms in place that can lessen the extent of impunity when genocide occurs. Some advances have been made. International tribunals have recently convicted leaders of the Rwandan

genocide (see Chhatbar and Bryson, 2008; on convictions in Sierra Leone, see Roy-Macaulay, 2009), and multiple methods for national reconciliation have been developed for handling the vast numbers of civilians and members of the military who were complicit. An unanswered question is how the Obama administration will meet humanitarian crises, especially when genocide appears to be involved. Obama chose his pre-election foreign policy adviser, Susan E. Rice, to be ambassador to the United Nations. A protégé of Madeleine K. Albright, Rice's experience in Rwanda in the wake of the 1994 genocide led her to become a forceful advocate for stronger action, including military force if necessary, to stop mass killings such as those in the Darfur region (Baker, 2008). At the U.N. she pledged to improve peacekeeping operations, provide leadership in addressing climate change, prevent the spread and the use of nuclear weapons, and focus on alleviating the suffering of the world's poorest (MacFarquhar, 2009). Rice has emphasized how globalization has led to uneven development, contributing to destabilization and extremism, and highlighted the importance of bottom-up anti-poverty programs (Zunes, 2008).

Another appointee with expertise in international human rights and genocide is Samantha Power, Obama's senior director for multilateral affairs at the National Security Council. On the Rwandan genocide, her *Atlantic* article probes why Clinton administration officials, though lacking willful complicity, nonetheless allowed genocide to happen (Power, 2001). Richard Holbrook, who served under Bill Clinton and was an advisor to Hillary Clinton's presidential campaign, is now President Obama's special representative for Afghanistan and Pakistan. He was intimately involved as U.S. Special Envoy in facilitating NATO's unprecedented authorization of military strikes against a nonmember state, the former Yugoslavia, on humanitarian grounds (genocide against ethnic Albanians in Kosovo). The action was legally questionable because it was taken without U.N. Security Council authorization, and the Federal Republic of Yugoslavia (Serbia and Montenegro) had not previously attacked a NATO member. Holbrook's defense of Kosovo Albanians is today countered by the account of a war-crimes prosecutor who shows that both sides in that conflict committed crimes that could be characterized as war crimes or crimes against humanity (see Kearney, 2009). Holbrook also later rejected the broad international legal consensus against offensive wars, insisting that it was legitimate for the United States to invade Iraq in 2003 (Zunes, 2008). That war continues to cost U.S. taxpayers \$10 billion dollars each month.

Which instruments might the Obama administration employ in cases of international crimes such as in Dafur? With the U.S. military depleted and in disarray from fighting a multifront campaign since 2001, the use of U.S. troops in a humanitarian intervention seems remote. The response of the international community was muted, at least until the International Criminal Court (ICC) issued a warrant to arrest Sudanese President Omar al-Beshir on charges of crimes against humanity and war crimes. Unlike George W. Bush's outright hostility to the world's first permanent war crimes court, the Obama administration has indicated that it is open

to recommendations by the American Society of International Law's task force on U.S. policy toward the ICC, which has urged positive engagement with the court. Secretary of State Hillary Clinton welcomed the al-Beshir warrant (Agence France-Presse, 2009a). Since the United States has more troops deployed overseas than any other nation in the world, protecting them has been the rationale for failure to join the ICC; moreover, congressional passage of the American Service-Members' Protection Act of 2002 prohibits cooperation of any kind by U.S. agencies with the court (Taft and Wald, 2009). Obama's seeming de-emphasis of the language of the war on terror may presage a greater reliance on international bodies to undo a military approach whose semblance to colonial occupations has provoked nationalist resistance movements (whose political agendas are often cloaked as religious principles) and begin to reverse the sense that the war on terror has been anti-Islam and anti-Arab. A nonmilitary approach would make greater use of the ICC for anti-terrorist jurisprudence, Interpol-like agencies for expanded intelligence gathering, and special forces under U.N. Security Council jurisdiction for cross-border enforcement.

Throughout the Bush years in which the U.S. punished other countries for departing from fiscal prudence and for refusing to join its "coalitions of the willing," it was sacrificing government solvency by borrowing on a colossal scale to finance tax cuts and fund overstretched military commitments (Gray, 2008). The election of Barack Obama generated hope at home and abroad because of a weariness with war and a mostly militarist toolkit in the conduct of world affairs, concerns that democracy under a self-defined "war president" had been dangerously undermined, and the prospect that the new president's life experience would sensitize him to the plight of poor people and continents largely ignored during the Bush era. Yet Chalmers Johnson (2008) makes clear the formidable challenges faced by any agenda aiming to reverse these trends:

Bringing the opposition party to power, however, is not in itself likely to restore the American republic to good working order. It is almost inconceivable that any president could stand up to the overwhelming pressures of the military-industrial complex, as well as the extra-constitutional powers of the 16 intelligence agencies that make up the U.S. Intelligence Community, and the entrenched interests they represent. The subversive influence of the imperial presidency (and vice presidency), the vast expansion of official secrecy and of the police and spying powers of the state, the institution of a second Defense Department in the form of the Department of Homeland Security, and the irrational commitments of American imperialism (761 active military bases in 151 foreign countries as of 2008) will not easily be rolled back by the normal workings of the political system.

The military-industrial complex constitutes a massive material force, an embedded obstacle to redefining the role of the United States in the international order.

Congressional boosters on the Right and their allies among pro-military Blue Dog Democrats assure that well over half of the nearly one trillion dollars in federal spending (excluding entitlements) appropriated annually goes to national security (Blinder, 2009). Johnson (2009) estimates annual spending on the military and its weaponry at one trillion dollars. Americans, he continues, “account for nearly half of all global military spending, an amount larger than the next 45 nations together spend on their militaries annually.” This bloated apparatus is unaffordable, creates relatively few jobs compared to the civilian sector, and thus undermines the nation’s productive and commercial capacity. The current economic crisis aggravates this problem. Republicans continue to promote a form of military-linked state capitalism, or military Keynesianism, that reproduces an electoral system financed with public funds that has favored conservative candidates. According to Lind (2005: 283), Republicans received two-thirds of the contributions from the defense industry and 80% of those from the oil, gas, and agribusiness industries (all of which are heavily dependent on government subsidies or protection). Global and domestic firms involved in construction are similarly aligned.

The members of the U.S. military are disproportionately conservative and Republican, and many retired officers go to work for aerospace companies and other defense contractors, including Lockheed Martin, Raytheon, General Dynamics, and Martin Marietta, whose major if not sole clients are the U.S. government and its allies and client states like Israel. The fact that these companies are private in form, even if they function as de facto extensions of the government, permits these firms to finance politicians with campaign contributions and to lobby policymakers (*Ibid.*).

Unlike Democratic policymakers, who emphasize the economic aspects of globalization, the cluster of interests that promotes rightist policies tends to view globalization in military terms—including control over strategic resources such as energy—and conceive of the United States as a modern-day Roman Empire under assault by barbarians. Neoconservatives conditioned by a Cold War mentality captured the foreign policy apparatus during George W. Bush’s two terms, especially after September 11. Their affinity with national strategic interests as outlined by Israel’s hard-line rightist Likud Party meshed well with the apocalyptic impulses of the Republican Party’s evangelical Christian base. After September 11, this Manichean worldview translated ideologically into an attack on Islam to justify the destruction and encirclement of Israel’s main regional rivals, Iraq and Iran. In the Middle East, it was a prescription for perpetual war and chaos, in constant tension with an ongoing need to recycle oil-based sovereign funds to offset U.S. indebtedness. In Europe, rapid incorporation of the former Soviet buffer zones (Russia’s “near abroad”) into NATO, U.S. training of an antagonistic Georgian military, and the installation of missile bases in Eastern Europe look perilously to Russian leaders like military encirclement. Resentment also grew over Anglo-American dominance

of largely unregulated capital markets and the forceful exclusion of continental Europeans and the Russians from Iraqi oil contracts. In reaction to Bush-Cheney initiatives, shockingly high numbers of Europeans came to view the United States as the top threat to international security.

Domestically, the doubling of U.S. defense spending that began in 2001 was coupled with stock market and real estate bubbles to stimulate the economy, but the 40% of U.S. tax dollars the military consumed diverted funds from social investments in health, education, and the national infrastructure. President Obama retained Robert M. Gates as Secretary of Defense in part to provide bipartisan cover to attempt to reconfigure the Pentagon's annual \$500 billion-plus defense budget (Bumiller and Drew, 2009; Johnson, 2009). With the economy nearing collapse, the Obama administration refused to go along with the 14% increase in defense spending the military was proposing as late as December 2008, limiting the increase with inflation to four percent. Congressional progressives have sought a 25% reduction.

To achieve meaningful reductions, President Obama must challenge the combined might of Boeing, Lockheed, Northrop Grumman, Raytheon, and General Dynamics, as well as members of Congress who do their bidding in states such as Georgia, Texas, and in the west. As Gates' deputy, Obama appointed William Lynn, a senior vice president at Raytheon, the defense contractor that makes the Patriot Missile system and Tomahawk missiles. The defense budget Gates proposed (\$513 billion for 2009 and \$534 billion for the 2010 budget year, or \$663.7 billion after factoring in the Iraq and Afghanistan wars) continues the national defense strategy issued in the last months of the Bush administration. It raises the stature of counterterrorism and slightly reduces legacy Cold War preparations for conventional warfare against large nations such as China and Russia. Billions of dollars are allocated for new technology to fight the insurgencies in Iraq and Afghanistan. The Obama administration proposes to enlarge the Army and the Marine Corps and to halt personnel reductions in the Air Force and the Navy. The fate of the 190,000 U.S. contractors in Iraq and the permanent U.S. bases there remains unresolved, but Secretary Gates states that the Obama administration will continue to use private contractor security forces in support of the forward-operating bases in certain parts of Afghanistan. Thus, Halliburton, KBR, and DynCorp will remain key corporate players in Obama's new strategy in Afghanistan and Pakistan (Bica, 2009).

President Obama is under pressure from the Right and powerful elements of the military to define himself as a "war president"; popular and Democratic congressional expectations pull him in the direction of a post-conflict presidency. During his presidential campaign, Obama's overarching foreign policy framework called for "getting out of Iraq and onto the right battlefield in Afghanistan and Pakistan." It was an implicit critique of Bush's involvement in wars of choice and a nod to beefing up asymmetrical warfare capabilities. Unfortunately, this strategy accepted without discussion or debate an expansion of the war theater from Afghanistan to

Pakistan that began under Bush, skirting the constitutional requirement that wars be declared not by executive decree but by a vote of Congress (Bica, 2009). In an ironic twist, President Obama appointed Michael G. Vickers as Assistant Secretary of Defense for Special Operations/Low-Intensity Conflict and Interdependent Capabilities, with responsibilities for counterterrorism strategy, irregular warfare, and force transformation. A former Special Forces officer and CIA Operations Officer, Vickers was the principal strategist for the largest covert action program in the CIA's history—the paramilitary operation that drove the Soviet army out of Afghanistan (Miles, 2009).⁴ He is now charged with managing the unintended consequences of that operation: blowback in the form of Osama bin Laden's al Qaeda and the Taliban, which were allies if not creatures of U.S. policy, nurtured by Pakistan's Inter-Services Intelligence Agency.

Despite inertia from legacy State Department and Pentagon personnel whose lexicon is rooted in the war on terror, early indications are that this framework is being jettisoned in order to redefine relations with the Muslim world and to more clearly recognize the security implications of the world economic crisis. Obama emphasizes that “words matter” in the struggle for hearts and minds. “I think it is very important for us to recognize that we have a battle or a war against some terrorist organizations, but that those organizations aren't representative of a broader Arab community, Muslim community.” Seymour Hersh contends that Obama's talk of mutual respect is not simply rhetorical and that his dealings with Syria, Hamas, and perhaps even Hezbollah may result in breakthroughs unthinkable under the Bush administration.

Counterinsurgency and the War on Drugs

The world economic crisis has placed strains on the European Union's internal market, economic union, and solidarity, diminishing prospects for financial and military assistance to the Obama administration in places such as the Middle East and Afghanistan. Enthusiasm for sharing the burden of fighting the war in Afghanistan was waning in continental Europe even before fissures began to appear with the United States on a range of economic (e.g., heightened regulation of shadow banking institutions versus stimulus) and strategic issues. President Obama's Afghanistan war strategy seeks to go beyond “bullets and bombs” and to “develop an economy that isn't dominated by illicit drugs.” Military force alone will not end the war there, he says, but development programs in the midst of insurgencies, as the experience in Iraq attests, have scant prospect of success. Just as the war on terror must be demilitarized, the war on drugs, which often masks U.S. counterinsurgency programs, requires a new paradigm. The current template, a military model of combating illegal drug trafficking, must give way to a public health model and reject drug prohibition. In addition, aerial spraying of herbicides is neither politically viable nor ecologically acceptable.⁵

Afghanistan's "poppy problem," as President Obama has characterized it, fuels the insurgency and corrupts the government elite in a country where civil war has destroyed civil institutions such as the courts. Some 2.4 million people are involved in opium cultivation (10% of the Afghan population). In 2007, opium made up 52% of Afghanistan's GDP (United Nations Office on Drugs and Crime). The country produces over 90% of the world's opium, with an export value estimated at four billion dollars in 2007. The State Department's annual survey of global counter-narcotics efforts revealed that insurgents and warlords made profits on narcotics estimated in 2008 at \$50 million to \$70 million in protection payments from farmers and \$200 million to \$400 million more from "taxing" drug processing and trafficking (Lee, 2009). The Taliban has garnered additional financing for military campaigns through contributions from wealthy individuals from the Persian Gulf, as well as from Pakistan's ISI.

All parties to an eventual political solution to the conflict—the Pashtun Taliban resistance and the U.S.-backed Northern Alliance, with its assortment of drug lords and opium magnates—mutually benefit from the drug trade.⁶ The high level of cultivation in southern Afghanistan, where the Taliban is strongest, stems from the conducive environment created by an alliance of convenience of large landowners, organized criminal networks, corrupt officials, and insurgents (Costa, 2008: 21–22). A plan awaiting final approval by President Obama looks to address the problem of unemployed young men taking up arms for the insurgency for monetary, not ideological, reasons by financing a force of 400,000 troops and national police officers. Part of a broader Afghanistan-Pakistan strategy to create "the level necessary for success in counterinsurgency," cost projections range from \$10 billion to \$20 billion over the next six or seven years, an amount double the current \$1.1 billion annual cost of operating the government of President Hamid Karzai, which is largely provided by the United States and other international donors. Another approach to creating a security-forces-based alternative center of power to the current elites is a European proposal to create an Afghan National Army Trust Fund, which would seek donations from oil kingdoms along the Persian Gulf and other countries (Shanker and Schmitt, 2009).

Beyond Afghanistan, the Obama administration plans to boost counter-narcotics assistance to Latin America, particularly Mexico (Lee, 2009). Initiated in 1971 by Richard Nixon, the "war on drugs" has grown to staggering proportions worldwide, with the United States alone spending over \$40 billion yearly on it (Vargas Llosa, 2009). In its annual report assessing global security threats, the Pentagon's Joint Forces Command recommended that Mexico be monitored alongside Pakistan as a "weak and failing" state that could crumble swiftly under relentless assault by violent criminal gangs and drug cartels (Ellingwood, 2009). President Obama inherited the Bush administration's Mérida Initiative, a three-year, \$1.4 billion counter-trafficking aid package for Mexico and Central America that includes training, military hardware, scanning technology and security database improvements,

but no funds to reduce U.S demand. Signed on June 30, 2008, the Central America portion of the initiative aims to support implementation of the U.S. Strategy for Combating Criminal Gangs from Central America and Mexico and to bolster the capacity of governments to inspect and interdict unauthorized drugs, goods, arms, and people.

Pursuant to this legislation, the Obama administration has already notified Congress of its first planned overseas arms deal, Bell twin-engine helicopters for use in Mexico's drug war (Wolf, 2009). U.S. Army Special Forces soldiers are now training Mexican army commandos, and the Marine Corps is working on an exchange program with the Mexican Marine Corps that will include sharing experiences on urban warfare (Bowman, 2009). There are distinct hazards to a strategy that relies on U.S. sponsorship of foreign security forces in drug-producing regions. The *New York Times* reported on an alliance between the Zetas—Mexican special forces veterans recruited by the drug cartels—and Guatemalan officers, deserters of a special forces unit called the Kaibiles, who were responsible for some of the most egregious human rights abuses during Guatemala's civil war (Thompson, 2005). The article noted that many Zetas had received training at the U.S. School of the Americas when they were in the Mexican military. The Washington Office on Latin America (Freeman, 2006) confirmed that Zetas were members of the Mexican Army's elite Grupo Aeromóvil de Fuerzas Especiales (GAFE), and that hundreds of GAFE members were trained at Fort Bragg and Fort Benning in the mid-to-late 1990s as part of a U.S. program to train and equip Mexican soldiers for anti-drug operations (see also Fainaru and Booth, 2009). As such, Mexican drug cartels have acquired expertise in countersurveillance operations. They have benefited from the cycle of impunity long enjoyed by the U.S.-backed authors of Latin and Central America's Dirty Wars. Moreover, the 45,000 Mexican soldiers arrayed against the cartels have produced a 576% surge in human rights complaints against the army, according to Mexico's National Human Rights Commission, including allegations of unlawful detentions, forced disappearances, rape, and torture (*Ibid.*). Mexico's military approach has been ineffective by any metric except stoking internecine violence among drug syndicates:

Between 2007 and 2008, net cultivation of opium and cannabis in Mexico increased. Production of opium gum, heroin, and cannabis all increased. Eradication of poppies and cannabis both decreased significantly since the beginning of the 2006 drug war. Meanwhile, seizures of opium gum, heroin, methamphetamines, cannabis, and cocaine all decreased significantly. Destruction of labs fell by nearly half. In addition, ...drug use among Mexican youth is rising (Carlsen, 2009).

Similarly, six billion dollars and a decade after Plan Colombia began in 1999, Colombia still produces 90% of the world's cocaine, with coca-plant cultivation having increased almost 25% despite eradication efforts (Brinkley, 2009).

A perfect storm broke out during the first month of the Obama presidency over a potential national security risk due to spillover violence from a lawless, failing Mexican state. A phalanx of neoconservatives in the media, Congress, serving and former military and intelligence officials, and right-wing think-tanks compelled Obama's security and foreign policy aides to consider Mexico's "widening narco-insurgency" as urgently as the economy and the wars in Iraq and Afghanistan.⁷ Texas Governor Rick Perry called on President Obama to send 1,000 troops to the southern U.S. border to prevent drug cartel violence from seeping northward into the United States. Senior intelligence officials disputed that absurd line of analysis, including the Drug Enforcement Administration's Chief of Intelligence, Anthony P. Placido (Esquivel, 2009). President Obama did not rule out the possibility of beefing up security, but believes that "our long-term challenges relating to many policy decisions around the border are not going to be solved through the militarization of the border." Will the president's new approach override the legacy of newly appointed "border czar" Alan D. Bersin, whose 1994 Operation Gatekeeper led to thousands of migrant deaths through exposure and thirst crossing the border?

In contrast to xenophobic neoconservatives whose military model of drug control targets solely producers, and whose message of probable violence-provoked illegal migrations prepares the groundwork for forthcoming immigration debates,⁸ President Obama favors a comprehensive policy to curtail U.S. demand for drugs and curb the southbound flow of cash and guns that give the cartels "extraordinary power." He promises a combination of border security, law enforcement, prevention, and treatment (Agence France-Presse, 2009). His selection of Seattle police chief Gil Kerlikowske, reputedly a progressive and a proponent of community-oriented policing, as director of the U.S. Office of National Drug Control Policy indicates a tilt toward stemming demand for illegal narcotics through prevention and treatment. Kerlikowske's Seattle police department largely abided by a voter-approved initiative that made marijuana possession the city's lowest law-enforcement priority (Hurst, 2009). Although even the *Economist* magazine has made the case for legalization, Obama—who is surely aware of the role of anti-prohibitionists in Franklin Roosevelt's coalition—has so far refused to endorse that strategy. However, his Attorney General Eric Holder announced a departure from the Bush administration policy that targeted medical marijuana dispensaries in California, as well as in the 12 other states that permit medical use of marijuana (Devlin, 2009). Violations of both federal and state law are now necessary. It remains to be seen whether the federal Drug Enforcement Agency will cease its aggressive enforcement practices and give state and local officials jurisdiction in these matters.

These policies may begin to align the United States more closely with the rest of the world in recognizing drug violence and the increasing power of organized crime as an aspect of globalization, transnational in scope, and involving international financial institutions that facilitate money laundering. The illicit drug trade generates an estimated \$65 billion in North America alone, with \$18 billion to \$39 billion

a year moving through wire transfers and low-tech human smuggling operations (Hsu and Sheridan, 2009). The Latin American Commission on Drugs and Democracy, under former Mexican President Ernesto Zedillo, former Brazilian President Fernando Henrique Cardoso, and former Colombian President Cesar Gaviria, has repudiated the war on drugs as a failure, including Plan Colombia, the template for the Mérida Initiative. It recommends a new approach, one that views illegal drug use as a public health problem, ceases to criminalize it, refrains from “bloody confrontations in the street with the drug cartels,” and instead focuses repressive measures on organized crime (Cardoso et al., 2009). Prohibitionist policies based on eradication, interdiction, and criminalization of consumption, they argue, have not worked. Violence and the organized crime associated with the narcotics trade remain critical problems in Latin America and Mexico. Moreover, “the alarming power of the drug cartels is leading to a criminalization of politics and a politicization of crime. And the corruption of the judicial and political system is undermining the foundations of democracy in several Latin American countries” (*Ibid.*). Their paradigm shift in drug policy would reduce the harm caused by drugs, decrease drug consumption through education, and aggressively combat organized crime. Because the domestic markets in the United States and the European Union are the main consumers of the drugs produced in Latin America, Mexico, and Afghanistan, they share responsibility for the problems arising in these regions.

Toxic Assets, Toxic Planet

Little discussed is that the military ranks among the largest consumers of energy and is responsible for enormous environmental damage; drug abatement policies such as aerial spraying of herbicides are similarly harmful. Yet the model of production and consumption under capitalism now genuinely threatens the future of humanity and the planet. There are physical limits on resources, and the current energy infrastructure, based on nonrenewable fossil fuels and deforestation, produces climate change and threatens biodiversity. Strategic resources are becoming increasingly scarce and have arguably become a regenerative source of war, militarism, and empire. The globe’s resources are monopolized by 15% of the planet’s population, whose standard of living can never be shared by the other 85%. Because the Obama administration is less beholden to the energy monopolies, it should reverse irresponsible Bush administration policies such as refusing to submit the Kyoto Protocol for Senate ratification. Regardless, the economic crisis will do far more to fulfill that treaty’s modest objectives due to greatly reduced air and automobile travel, diminished housing starts and less paved-over farmland, a halving of car production, and a lessening of all the other material and energy inputs that propel world trade in boom periods. Keynesian policies of deficit spending to address the crisis can be directed to social and ecological aims. The appointment of Van Jones, the founder of Green for All and co-founder of Oakland’s Ella Baker Center for

Human Rights, to advise President Obama on green jobs indicates a sensibility to environmental justice issues and the need to connect stimulus in the form of job training for low-income people with growing investments in the alternative energy infrastructure (Fulbright, 2009).

Joseph Stiglitz and Nicholas Stern (2009) link the financial crisis to an even deeper climate crisis. Mistaken choices made now in terms of managing the risks of the climate crisis could be irreversible. Any new round of sustainable growth cannot be built upon another bubble. Economists like Stiglitz believe conversion to a low-carbon economy—requiring investments that can change the way we live and work—could drive growth over the next two or three decades. Current methods of accounting do not factor in environmental damage from production/extraction processes, or the true value of the nonrenewable resources. For instance, Californians and Nevadans still suffer from the “toxic legacy” of Gold Rush fortunes in the form of mercury poisoning of the ground and water. Moreover, the price of maintaining one of the world’s scarcest resources, a livable atmosphere, or the social costs of emissions, which diminish its quality, is distorted because it is set at zero (Stiglitz and Stern, 2009; Martinez-Alier, 2009). Gains from economic activity are privately appropriated, while losses are socialized.

Global climate change and the deepening energy crisis are provoking a worldwide shift from a petroleum-dependent, automobile-based civilization to low-carbon societies.⁹ The Obama administration seeks to reduce oil consumption, increase renewable energy supplies, and cut carbon dioxide emissions. Yet resistance to a new energy architecture comes from an embedded infrastructure based on petroleum, coal, and atomic energy. For the more than one trillion dollar investment needed each year from now until 2030 to keep up with growth in demand for conventional sources of energy, the major energy firms are fixated on high-carbon sources and have been freezing or entirely eliminating spending on renewable energy (Mouawad, 2009, citing the International Energy Agency). The financial crisis and the return of relatively cheap oil in late 2008 have created downward pressure on investments in non-polluting, non-climate-altering alternatives such as solar, wind, and tidal energy. Though promising, the Obama administration’s proposed doubling of renewable energy sources by 2012 (raising clean energy’s market share to 19%, from about seven percent in 2006, and less than 10% in 2009) will leave imported oil as the dominant fuel in the U.S. and worldwide at least through 2030 (Klare, 2009a).

The administration’s carbon-based tax is a step in the right direction, but there is a “growing acknowledgement that carbon regulations and carbon pricing alone will not be sufficient to achieve the goal of deep reductions in global carbon emissions” (Nordhaus and Shellenberger, 2009). Because sectoral reliance on coal extraction and use cuts across party lines, this element of Obama’s budget plan is least likely to receive congressional approval. Even in the relatively farsighted European Union, similar policies have failed to reduce carbon emissions or bring about a thriving clean energy economy. Creating the cheap and scalable clean energy technologies

needed will require a revolution in thinking and cost between \$50 billion and \$80 billion for research, development, and deployment of clean energy technologies (more than the \$15 billion in annual investments President Obama proposes). President Obama seeks to create five million green jobs and invest \$150 billion in a “clean energy future,” including clean energy and advanced vehicle technology. Yet this does not even begin to address problems related to the globalization of toxic-waste dumping through contracting out the removal of harmful substances generated by industry and atomic energy producers in the North. Rob White’s article in this issue details the damage done to communities in the South, in this case Abidjan, Ivory Coast.

The dominant energy firms consider biofuels to be closest to their core business. However, large-scale projects for producing biofuels developed in the United States, Europe, and other nations—such as corn-based ethanol—have been detrimental to food production, leading to rising prices that aggravate hunger in poorer nations. Rich countries must now base economic growth on the use of fewer materials and less energy in absolute terms. To replace its current thirst for fossil-fuel energy, the United States alone would require six times its arable land (and 75% of the world’s cultivated land) to supply its needs with ethanol made from corn (Mouawad, 2009). But the general tendency of rich nations is to obtain raw materials at lower prices, reducing the standard of living in countries of the South, and to exclude newly industrializing powers from obtaining increasingly limited strategic resources. In the context of a reported freeze in worldwide investment, banks and corporations in the North will cease or greatly diminish investing in the South, limiting future growth possibilities there. Assumptions that the current economic downturn will be followed by a typical recovery in two or three years might not hold true if poorer countries experience a permanent decline in economic conditions.

The current period calls for New Deal-style initiatives for Americans and for the world. President Obama probably knows this and has certainly heard critics’ claims of his lack of boldness. Franklin D. Roosevelt admonished his allies: “I agree with you, I want to do it, now make me do it” (in Sirota, 2009b). Will the popular social forces rise to the occasion?

NOTES

1. In 2004, the financial-services economy employed some eight million out of a national workforce of 131 million (Phillips, 2006). By January 2009, only eight percent of the labor force (12.7 million workers) held manufacturing jobs, in contrast to 28% (14.6 million workers) 50 years ago. Despite a recent upward spike, only 16.1 million workers (12.4%) belonged to a union in 2008, having declined steadily from 31% in 1960 and 20.1% in 1983 (U.S. Bureau of Labor Statistics).

2. In an interview with David Leonhardt (2008), Obama stated that “income growth for most families began to slow in the 1970s, and the causes of the great pay slowdown were complex. Obama didn’t name them all, but a decent list would look something like this: new technologies that have made some blue-collar work obsolete; a slowing in the nation’s educational attainment; the shriveling

of labor unions; the increase in one-parent families, which are far less economically secure; and the rise of other countries that have huge low-wage work forces.” The link to the collapse of the debt bubble is that when median U.S. incomes began to stall in the late 1970s, with wages declining due to global competition and new technologies, the typical American family could maintain its living standard only if women went into the workforce in larger numbers, then only if everyone worked longer hours, and finally only by buying on credit (Reich, 2009).

3. The term “left Keynesians,” or sometimes “global Keynesians,” has its origins in early theories of monopoly capital set out by Paul Baran and Paul Sweezy. Today, U.S. economists who have advanced these theories would include Joseph Stiglitz, Paul Krugman, Alan Blinder, and James K. Galbraith. Recent efforts to articulate a global Keynesianism emphasize responsible public management of economic problems in a world-system context. To solve the global inequality crisis, a system or mechanism is needed for managing interdependence to achieve high economic growth and employment, a common rising standard of living, and a minimum of financial instabilities attendant to higher growth. This presupposes a campaign for human rights, democracy, and free unionism around the world. For Galbraith, global Keynesianism is the only answer to global monetarism. Economic powerhouses such as the United States, Germany, and Japan must cease to think in purely national terms and start thinking of the larger community of which they are a part. Economic growth and global demand are interdependent between regions, and market forces cannot replace governments in the functions of governance. Even champions of deregulation such as Lawrence Summers have moved toward a more middle ground, recognizing the harmful economic consequences of extreme polarities in wealth.

4. Vickers is also in charge of the operational employment and capabilities of special operations forces, strategic forces, and conventional forces. In Afghanistan, he oversaw a major change in U.S. strategy (whose architect was Zbigniew Brzezinski), provided strategic and operational direction to an insurgent force of more than 300 unit commanders, 150,000 full-time fighters, and 500,000 part-time fighters, coordinated the efforts of over 10 foreign governments, and controlled an annual budget in excess of two billion dollars in current dollars (Miles, 2009).

5. Despite intense U.S. pressure in 2007, President Karzai refused to agree to aerial spraying of herbicides on poppy fields, opting instead for laborers to beat the heads off the poppies with sticks (Evans, 2007).

6. Even Afghanistan’s President Hamid Karzai’s younger brother, Ahmed Wali Karzai, an influential Pashtun, is believed to head a group involved in opium and heroin trafficking that smuggles drugs to the West through Iran and Turkey. Security circles claim that he provides protection for drug transports in southern Afghanistan (*Der Spiegel*, 2006).

7. Among them were retired U.S. Army Gen. Barry R. McCaffrey, outgoing CIA director Michael V. Hayden, outgoing Homeland Security head Michael Chertoff, Navy Captain Sean Buck, a strategic planner with the Pentagon’s Joint Forces Command, former U.S. House Speaker Newt Gingrich, Senator Joe Lieberman, the Heritage Foundation, and STRATFOR, among others. The latter, led by an anti-Communist émigré Hungarian with conservative Republican leanings, issued a series of reports leading up to the passage of the Mérida Initiative. One was authored by Fred Burton, STRATFOR’s vice president for counterterrorism and corporate security, who was appointed to the Texas Border Security Council on September 11, 2007, by Governor Rick Perry. Another report, by George Friedman (2008), suggested that in the event of governmental paralysis in Mexico, the United States could protect itself “from the violence defensively by sealing off Mexico or controlling the area north of the border more effectively. Or, as it did in the early 20th century, the United States could adopt a forward defense by sending U.S. troops south of the border to fight the battle in Mexico.”

8. We will be covering immigration matters in subsequent issues of *Social Justice*. For our purposes here, the loss of jobs due to the economic crisis in the United States has resulted in a sharp decline in the number of Mexicans leaving Mexico; indeed, reverse migration is occurring. There has also been a reduction in remittances—which make up Mexico’s second-largest source of foreign income after oil—to Mexican households from Mexicans working abroad. Declining worldwide investment, lower

oil prices, tanking auto sales, and shrinking migration, which has served as a safety valve in Mexican politics since 1968, mean that the country will need economic aide, not military assistance—regardless of how unsettled the *maquiladora* industry may feel over the proximity of cartel violence to their assembly plants.

9. Florida (2009) discusses how the crash may reshape the United States, including the symbiotic relation between federal highway construction, among other infrastructure projects, that subsidized a new suburban lifestyle, feeding into the real estate bubble and promoting global warming by paving over green spaces. This residential structure runs counter to the demands of an information-based economy. Due to the crisis, the southern United States in particular could benefit directly from the bankruptcy of General Motors or Chrysler and the closure of auto plants in the Rust Belt. The physical imprint of automobiles and other motorized vehicles on our cities is massive: up to half of a modern American city's land area is dedicated to streets and roads, parking lots, service stations, driveways, signals and traffic signs, automobile-oriented businesses, and car dealerships. Space allocated for other forms of transportation, and even sidewalks and bicycle lanes, has diminished or disappeared (see Melosi, n.d.).

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