

# Onset of Imperial Decline: Osama Bin Laden and the Aftermath of 9/11

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## Global Research Editor's Note

*This incisive review article focussing on the Aftermath of 9/11 is written by Global Research's youngest author, 19 year old Devon DB, who studies political science at Fairleigh Dickinson University.*

*Devon DB's analysis and writing skills as well as his commitment to the truth constitute "a breath of fresh air" in contrast to the relentless lies and "authoritative" half-truths of America's up and coming media pundits.*

## Michel Chossudovsky, August 5, 2011

The official narrative is that 9/11 was planned by Al Qaeda leader and mastermind Osama bin Laden. However, what the government will not mention is its ties to Bin Laden, starting out in the 1980s, during the Soviet invasion of Afghanistan.

In 1979, bin Laden left Saudi Arabia in order to join Afghan mujaheddin fighters in fighting the Soviet Union. By 1984, he "was running a front organization known as Maktab al-Khidamar - the MAK - which funneled money, arms and fighters from the outside world into the Afghan war." [1] The MAK had ties to the CIA as it was run by the Pakistani Inter-Services Intelligence agency, which the CIA used to arm the Islamic fighters.

After the Soviets left Afghanistan, bin Laden returned to Saudi Arabia and started up Al Qaeda, including some of the more extremist members of the MAK. [2] Due to US training, Al Qaeda and other Islamic extremist groups that sprang up after the Soviets left Afghanistan had "the arms, money - and most importantly - the knowledge of how to run a war of attrition violent and well-organized enough to humble a superpower." [3] On September 11, 2001, this decision to back known Islamic extremists simply came home to roost for the US government.

## Aftermath of 9/11

Soon after 9/11, President Bush in an address to Congress and the nation in which he declared the War on Terror, saying that America would "direct every resource at our command — every means of diplomacy, every tool of intelligence, every instrument of law enforcement, every financial influence, and every necessary weapon of war — to the destruction and to the defeat of the global terror network." [4]

He made it clear to the American people and the world that the War on Terror was going to

be quite long, saying “Our war on terror begins with al Qaeda, but it does not end there. It will not end until every terrorist group of global reach has been found, stopped and defeated.” and that “Americans should not expect one battle, but a lengthy campaign unlike any other we have ever seen” [5] He also made an appeal to the world for aid to fight terrorism, saying that the War on Terror is not “just America’s fight” that it was “civilization’s fight” and “the fight of all who believe in progress and pluralism, tolerance and freedom.” [6]

This was an attempt to make the War on Terror seem as if it were truly a just cause, however invading Afghanistan was in the plans of the Project for the New American Century. The same day that President Bush gave that speech, PNAC sent a letter to him with recommendations as to what the first opening moves of the War on Terror should be. In regards to Osama bin Laden, PNAC said that the US should **“support the necessary military action in Afghanistan and the provision of substantial financial and military assistance to the anti-Taliban forces in that country.”** (emphasis added) [7]

In providing “substantial financial and military assistance” to anti-Taliban forces in Afghanistan, it was meant that the US would back the Northern Alliance, which was a mixture of Uzbeks, Tajiks, Hazaras, and Pashtuns, among others, who were anti-Taliban. While the US media made it seem that the Northern Alliance were the ‘good guys,’ in reality, they were just as bad as the Taliban. One of the alliance members, General Rashid Dostum, was accused of having massacred between 250 and 3,000 (the number depends on one’s source) Taliban members in the Dasht-i-Leili desert. In addition to this, there were large amounts of in fighting with in the Northern Alliance, as the Afghan tribes settled disputes between one another.

The letter also mentions Iraq, saying that Iraq may have “provided assistance in some form to the recent attack on the United States.” However, the letter goes further, arguing for an invasion of Iraq.

**But even if evidence does not link Iraq directly to the attack, any strategy aiming at the eradication of terrorism and its sponsors must include a determined effort to remove Saddam Hussein from power in Iraq. Failure to undertake such an effort will constitute an early and perhaps decisive surrender in the war on international terrorism. The United States must therefore provide full military and financial support to the Iraqi opposition.** American military force should be used to provide a “safe zone” in Iraq from which the opposition can operate. **And American forces must be prepared to back up our commitment to the Iraqi opposition by all necessary means.** (emphasis added) [8]

This was, without a doubt, a clear admission that the neoconservatives wanted to invade Iraq by any means necessary, PNAC was blatantly encouraging the President to engage in destabilizing the Iraqi government and then sending in US troops to overthrow Saddam.

Unfortunately due to the neoconservative elements in the Bush Administration these plans would come to fruition.

## **9/11 Commission Report**

In 2004, the US government released the 9/11 Commission Report, which told how 9/11 had been perpetrated. The report brought up evidence that the US government may have know

that 9/11 was going to occur beforehand.

According to the report, in early 2001 counter-terrorism officials began “receiving frequent but fragmented reports” concerning “possible threats almost everywhere the United States had interests- including at home.” [9] During the entire year of 2001, CIA Director George Tenet “was briefed regularly regarding threats and other operational information regarding Osama bin Laden” [10] and this information was passed, via Tenet himself, to President Bush on a daily basis. Thus, President Bush had to have some information that terrorists were planning to attack the US, especially in the spring of 2001 when “the level of reporting on terrorist threats and planned attacks increased dramatically to its highest level.” [11] In May of 2001 as well as in later months, it was reported that bin Laden’s plans were advancing, however the US government still did not take any major action.

The report also advocated making serious changes to the US intelligence structure. The report advocated that the Director of Central Intelligence be replaced “by a National Intelligence Director with two main areas of responsibility: (1) to oversee national intelligence centers on specific subjects of interest across the US government and (2) to manage the national intelligence program and oversee the agencies that contribute to it.” [12] However, this could have potentially been problematic as the powers of this National Intelligence Director were never clearly defined and the creation of such a position would move in on the turf of already established homeland, foreign, and defense intelligence agencies, thus the newly created Department of Homeland Security, CIA, and the Defense Intelligence Agency might have ended up having a serious turf war with the National Intelligence Director and his/her team.

However, what is most interesting about the 9/11 Commission Report is that President Bush originally did not want it to occur. In 2004, it was reported by the Australian Broadcasting Corporation in an interview between Rafael Epstein and Eleanor Hall that “it was George W. Bush who initially didn’t want this commission to take place. He fought with them about adequate funding, and whether or not he should give them access to documents, and whether or not he and his staff should talk to them.” [13] It is quite interesting that a man who seemed to care so much about the events of 9/11, even going so far as to declare a War on Terror, would fight said event being investigated.

## **Patriot Act**

On October 26, 2001, President Bush signed into law the Patriot Act, which at the time was hailed as a major part of fighting terrorism at home and keeping Americans safe. What was not known at the time were the destructive policies of the Patriot Act which allowed for the government to begin to erode the civil liberties of American citizens.

The Patriot Act expanded the definition of domestic terrorism to be

an act “‘dangerous to human life’” that is a violation of the criminal laws of a state or the United States, if the act appears to be intended to: (i) intimidate or coerce a civilian population; (ii) influence the policy of a government by intimidation or coercion; or (iii) to affect the conduct of a government by mass destruction, assassination or kidnapping. [14]

This definition of terrorism was so broad as to “encompass the activities of several prominent activist campaigns and organizations” such as “Greenpeace, Operation Rescue,

Vieques Island and WTO protesters and the Environmental Liberation Front.” [15] This broad definition was (and still is) quite dangerous as it allows the government to target groups that protests its agenda and imprison them indefinitely.

There was already resistance to the Patriot Act soon after it was signed into law. It was reported that several civil libertarians argued that “the surveillance powers give law enforcement too much leeway to collect private information on people on the periphery of investigations” as the Patriot Act included “the expansion of Internet eavesdropping technology,” [16] in addition to the illegal wiretapping of phones.

However, this resistance wasn’t large enough, and the erosion of citizen’s civil liberties would continue.

## **War in Afghanistan**

Leading up to the invasion of Afghanistan, the US government told Americans and the world that they were going into Afghanistan to hunt down Al Qaeda and establish a democracy in Afghanistan, however, this was nothing but the typical deceit of the American government. In reality, the US had been planning to go into Afghanistan before 9/11 and not to kill bin Laden, but rather to establish an oil pipeline.

It was a fact that America had been planning to invade Afghanistan before 9/11. A BBC News article released just days after 9/11 stated that “Niaz Naik, a former Pakistani Foreign Secretary, was told by senior American officials in mid-July that military action against Afghanistan would go ahead by the middle of October.” [17] It may have seemed that 9/11 was just an excuse to invade Afghanistan, however, Naik also stated that “it was doubtful that Washington would drop its plan” even if the Taliban had given up bin Laden.

In addition to this, President Bush “was expected to sign detailed plans for a worldwide war against al-Qaida two days before Sept. 11 but did not have the chance before the terrorist attacks in New York and Washington.” [18] Thus, even if the 9/11 attacks had not occurred, the US still would have launched an invasion of Afghanistan.

However, in reality, the US didn’t care about getting Osama bin Laden or Al Qaeda, rather they were interested in the greater Central Asian region because it didn’t want any Central Asian nation to come within the Chinese or Russian sphere of influence, thus closing out US and general Western access to the oil and gas wealth of that region. So far at that point, the “sales of Central Asia’s states’ large energy holdings [were] restricted to Russia.”[19] To overcome this, the US tried to create other pipelines such as the Baku-Tbilisi-Ceyhan pipeline and the Turkmenistan-Afghanistan-Pakistan pipeline so that Western oil companies would be able to get at the oil and gas reserves.

The creation of new pipelines would serve two major US interests in the region besides accessing oil. America would “isolate Iran from Central Asian energy by urging states to build pipelines that bypass Iran and enforcing sanctions upon those states and firms who are trading with Iran” and it would disrupt the creation of a “Russian pipeline or overall [Russian-led] energy monopoly from forming in the oil market.” [20] By disrupting the formation of a Russian led “oil cartel” and attempting to create a US pipeline, America was also protecting its European allies as “the degree to which Central Asian energy markets are open or closed is an issue of great and increasing importance to European states’ energy security.” [21] The US knew that Europe was importing large amounts of gas from Russia

and to make sure that the Russians didn't use this as a political weapon, America planned on making sure that their European allies were able to access the gas of Central Asia.

Thus the American government wasn't as truly interested in avenging the deaths of the 9/11 victims as they so professed, they also wanted to expand the empire.

## **Venezuelan Coup**

In early 2002, the US government attempted to overthrow democratically-elected leader Hugo Chavez in an attempted coup, due to the fact that he wouldn't subjugate himself to Western economic interests. Chavez "was elected on a radical programme of opposition to the austerity measures of the outgoing regime" and as soon as he entered office, Chavez began "to take measures against the economic and political establishment" [22] through actions such as building roads, schools, and hospitals, increasing taxes on the wealthy, and purging sections of former state apparatus. His actions and attitude had far reaching changes as could be seen in the insurrectionary events which took place in Ecuador at the beginning of [2002]. A movement spearheaded by the organisations of the indigenous peoples, who make up 40% of the population, overthrew the government and established a National Salvation Assembly. Looking to Venezuela the new leadership proclaimed their "Chavismo" after Chavez. [23]

In addition to this, Chavez nationalized the oil company PDVSA, "encouraged lowering oil production to raise prices," and "changed a 60 year-old agreement with oil companies that raised royalties for Venezuela." [24] This, along with his other moves to turn Venezuela socialist, did not please the US and thus they began to hatch a plan for a coup.

The coup began to be created when in June 2001, when "American military attaches had been in touch with members of the Venezuelan military to examine the possibility of a coup." [25] On April 11, 2002, there was a "killing of 17 anti-Chavez protesters by snipers" (the surrounding events of which are still murky) which the Venezuelan military used as an excuse to overthrow Chavez. Once the shootings took place TV announcements that had been produced by the CIA argued that "Chavez 'provoked' the crisis by ordering his supporters to fire on peaceful protesters in Caracas." [26] After the military had overthrown Chavez and sent him to an island prison, they installed "Pedro Carmona, a wealthy businessman and former business associate of George Bush Sr., into office." His first move as president was to "'dissolve the Constitution, national legislature, Supreme Court, attorney general's office, and comptroller's office,'" [27] thus taking dictatorial control of Venezuela. It is quite reminiscent of the coups the CIA perpetrated in Latin America during the Cold War.

Thankfully, however, Chavez was bought back into power due to "a huge anti-coup civil protest involving hundreds of thousands of people" and because of this "within two days Carmona stepped down and Chavez returned to power" [28] and Chavez was bought back to his rightful place as president of Venezuela.

Even though the coup did not go as planned, that did not stop the US from continuing to portray Chavez as an evil doer, which continues to this day.

## **War in Iraq**

Just as with the war in Afghanistan, the war in Iraq was filled with lies and deceit, however

only more so. There were lies that Saddam had connections to and supported Al Qaeda and that he had WMDs, all of this now we know as untrue, however, even if PNAC had not recommended attacking Iraq, the US was already planning it.

The administration “began planning to use U.S. troops to invade Iraq within days after the former Texas governor entered the White House.” [29] The Bush Administration was planning even on 9/11 as “barely five hours after American Airlines Flight 77 plowed into the Pentagon, Defense Secretary Donald H. Rumsfeld was telling his aides to come up with plans for striking Iraq.” [30] Even when all the intelligence pointed to bin Laden, Rumsfeld “wanted ‘best info fast. Judge whether good enough hit S.H.’ – meaning Saddam Hussein – ‘at same time.’”

US military doctrine changed greatly for the invasion of Iraq. Instead of using overwhelming force, the US military used a new doctrine called “rapid dominance.”

Rapid Dominance “rests in the ability to affect the will, perception, and understanding of the adversary through imposing sufficient Shock and Awe to achieve the necessary political, strategic, and operational goals of the conflict or crisis that led to the use of force.” [31] The purpose of rapid dominance was to effect the enemy’s will to fight by denying him of information and creating perceptions, specifically overpowering the enemy “through the adversary’s perception and fear of his vulnerability and [America’s] own invincibility.” [32] Rapid Dominance was also very different in that it was very time-oriented, focusing on the fact that taking action in a timely and decisive manner “multiplies substantially the chances of ultimate success” and that action needed “to be taken precisely when it will have greatest impact.” [33] The entire point of Rapid Dominance was to achieve military supremacy in a short amount of time, using low amounts of troops and high levels of technology.

The Iraq war did well in lining the pockets of defense contractors and oil companies, however, it had deeply negative effects on the Iraqi population from education to economics to the destruction of Iraq’s cultural heritage. In November 2010, it was reported that since the invasion of Iraq, “more than 700 primary schools have been bombed, 200 have been burnt and over 3,000 looted” and that the number of teachers in Baghdad have fallen by 80%. [34] In addition to this “Between March 2003 and October 2008, 31,598 violent attacks against educational institutions were reported in Iraq, according to the Ministry of Education.” [35] Iraq’s middle class was destroyed because since the educated class had “been subject to a systematic and ongoing campaign of intimidation, abduction, extortion, random killings and targeted assassinations” [36] they fled Iraq, with only a few coming back in 2010. Iraq’s culture was destroyed as “attacks on national archives and monuments that represent the historical identity of the Iraqi people.” [37]

However, this destruction of the Iraqi state didn’t matter to the US and its allies as they aided Western economic interests in the form of introducing new economic laws that “instituted low taxes, 100% foreign investor ownership of Iraqi assets, the right to expropriate all profits, unrestricted imports, and long-term 30-40 year deals and leases.” [38]

With Afghanistan and Iraq subdued, it was time for the Empire to focus on its main regional enemy: Iran.

## **Iran**



In 2002, the US government began propagating the myth that Iran was attempting to create nuclear weapons, with President Bush labeling Iran part of an “axis of evil” in the world and that they “aggressively pursue” nuclear weapons.

In later years the Bush administration would get more serious about trying to find evidence that Iran was making nuclear weapons, even going to far as to send unmanned aerial vehicles over Iran in 2005. [39] However, in that same year, it was acknowledged in a US intelligence review that Iran was “about a decade away from manufacturing the key ingredient for a nuclear weapon, roughly doubling the previous estimate of five years.” [40] Due to this review, the question must be brought up of why the US was pushing so hard on the issue, when Iran was supposedly a decade away from gaining nuclear weapons? The answer is because the US was using the Iranian nuclear fabrication as a pretext to invade Iran. The very next year it was a fact that “some senior officials have already made up their minds: They want to hit Iran.” [41] This was without a doubt true, as in 2007 it was reported that America had plans attack Iran, as did Israel. However, what was not mentioned was the fact that the US and Israel had had plans to attack Iran for quite some time, with the US, Israel, and Britain working to create an unstable Iran which would in turn create a pretext for invasion. [42]

The US media and general Western media toed the line that Iran was attempting to make nuclear weapons, however, even with all the screaming and yelling, the US and its allies have yet to lay down any real evidence proving that Iran is trying to attain nuclear weapons.

## **Color Revolutions**

In the years 2004 and 2005 new governments came about in Georgia, Ukraine, and Kyrgyzstan. In the West, these were hailed as democratically elected governments, however, in reality the elections were controlled by the United States in a bid to make sure that those states didn’t stray from the American sphere of influence.

### *Georgia*

In November 2003, Georgian leader Edouard Shevardnadze was swept aside in the aftermath of the Rose Revolution to make room for Mikheil Saakashvili. This came about due to US and Western NGOs (non governmental organizations) creating “an atmosphere of popular protest against the existing regime” as Shevardnadze was “no longer useful to Washington when he began to make a deal with Moscow over energy pipelines and privatizations.” [43]

The plan involved having the NGOs led by US ambassador to Georgia, Richard Miles, and using George Soros’ Open Society Georgia Foundation, the Washington-based Freedom House, the US-funded National Endowment for Democracy, and the Georgia Liberty Institute in such a manner as to create a movement of that was anti-Russian, pro-Western, and would back Saakashvili in the elections preceding the parliamentary election fiasco, in which it was revealed that the voting system was rigged and there were calls for new elections among the US-backed protesters.

Once in power Saakashvili “led a policy of large-scale arrests, imprisonment, torture and deepened corruption” and created a “de facto one-party state, with a dummy opposition occupying a tiny portion of seats in the parliament.” [44]

Even though the people of Georgia suffered under a vicious dictator and had their hopes of a true democracy crushed, this was entirely fine with the US as it coincided with their interests in Georgia. The Rose Revolution aided the US in attaining oil from the Caucasus region as Georgia was “crucial in the wider project of building an East-West transportation corridor” for oil and gas and important to the creation of “a [railroad] transit route connecting Europe to Central Asia, China, and India via the Black Sea, Georgia, Azerbaijan, and the Caspian Sea” [45] which would have allowed the West to ship goods inexpensively across Asia. This creation of an oil pipeline fit in perfectly with America’s goal for Central Asia which was to deny the creation of a Russian-led energy cartel. Also, the US saw Georgia as a potential staging ground for an invasion of Iran.

### *Ukraine*

The Orange Revolution in Ukraine took place from November 2004 to January 2005. The entire thing was “an American creation, a sophisticated and brilliantly conceived exercise in western branding and mass marketing” [46] where the US organized and funded the installation of another puppet regime. The same formula that established a US puppet in Georgia was followed here. It included the same players as well, with a few new ones such as the National Democratic Institute and International Republican Institute which are NGOs used by both the Democratic and Republican parties, respectively, to push a pro-American agenda around the world. There was the usual youth protest movement, Otpor (meaning resistance) but also the Americans “ordered opposition parties to unite behind the dour, elderly trade unionist, Vladimir Goncharik, because he appealed to much of the Lukashenko constituency.” [47]

With the protest movement in place, the opposition parties united, and the aid of having “thousands of local election monitors trained and paid by western groups,” [48] the US through its weight behind Viktor Yushchenko. Even though there was a massive protest after the original run-off votes which caused the Ukrainian Supreme Court to declare a re-vote on December 26, 2004, Yushchenko still succeeded in attaining the presidency.

Once in power, the Yushchenko regime “turned out to be just as incompetent and rife with cronyism as his corrupt and venal predecessors, if not more so” as large amounts of Western aid was siphoned off into the personal coffers of the elite. Overall, Ukraine “disintegrated, not only economically but socially as centrifugal forces of culture, language, and the weight of history were brought to bear on the unity of the country, and things began to come apart.” [49]

Once again, Washington came out on top as the Yushchenko regime wanted “closer ties with the European Union, NATO, and the United States, with the goal of eventual NATO and EU membership.” [50] The new US puppet regime would also hurt Russia due to its plans to get its oil from other sources. The Ukrainian government was “studying how to move forward with a plan to extend into Poland an oil pipeline that currently runs from an oil terminal at the port of Odesa to the town of Brody” which would be used to transport Caspian Sea oil into Western Europe, “thereby reducing [European] dependence on Russian oil, and reducing Russia’s control of regional pipelines.” [51] By reducing European dependence on Russian oil, the US was once again making sure that Russia would be unable to use their oil wealth as a political weapon and by creating a new puppet state, the US was ensuring that it would be able to keep an eye on Russia and quickly counter any moves they made.

### *Kyrgyzstan*



During early 2005, the US engineered its last takeover in Central Asia where Kyrgyz President Askar Akayev was ousted due to his efforts to increase economic and political ties with Russia and China. On March 24th, rioters forced Akayev to flee the country which allowed “a loose coalition of opposition forces under the leadership of Kurmanbek Bakiyev seized power.” [52] This occurred after parliamentary run-off elections on March 13th which were widely seen as fraudulent and in response to this, the opposition movement began holding protests. This opposition movement was “largely the product of US intervention in the country, owing its existence to the financial and logistical resources provided either directly from Washington or through US-funded non-governmental organizations” [53] such as Freedom House, which published opposition newspapers in an effort to stir up popular discontent.

The events seemed to be going according to plan, however the Americans were surprised when on March 13th “when Akayev was still in power, the opposition leadership began backing off its initial calls for the president’s resignation and instead demanded negotiations with the ruling authorities” [54] and protests became violent. By next week American was calling “for an end to the violence, urging ‘all parties in Kyrgyzstan to engage in dialogue and resolve differences peacefully and according to the rule of law’” [55] and had S Ambassador Stephen Young attempt to work with opposition forces and Akayev to find a solution. A solution was found: A new parliament was formed and Akayev resigned from the presidency. This allowed US front-man, Kurmanbek Saliyevich Bakiyev, to be elected President.

America’s main interests in Kyrgyzstan was that “the country is of great geopolitical significance due to its proximity to oil-producing countries” and that the “US military base near Bishkek is also critical to American efforts in Afghanistan.” [56]

Overall, Washington succeed in fulfilling its main interests of expanding oil routes and limiting Russian influence on its neighbors. However, the US also gained a foothold that would more easily allow for an attack or invasion of Iran or potentially a staging ground to do covert operations in Russia.

## **Africom**

In October 2007, the US established Africa Command (Africom), Its stated goal was to aid the African people in military operations and promote US foreign policy, however, there was also the other goal of combating China as they were making moves into the continent to get at its oil resources. With the creation of Africom, the US would become the first nation in history to have military commands that covered literally the entire planet.

America was concerned about the Chinese making moves to access African oil due to the fact that “African oil supplies [would] account for 25% of its energy demands by 2015.” [57] In addition to this the US viewed Africa “as a backdrop” to take out terrorists.

Even before Africom was created, African leaders put up such a strong resistance “that commanders abandoned initial ambitions to install a headquarters on the continent.” [58] In general most Africans didn’t trust Africom as they didn’t even “trust their own militaries, which in places like [the] Congo [where militaries] have turned weapons on their own people.” Also, since Africom was itself a military force, many Africans were worried that the Americans wanted to make African states “proxies” and would use Africom to look out for American interests.

While dealing with this policy of imperial domination of the globe, the Empire's homeland was economically about to crumble.

## **Financial Crisis**

In late 2007, a massive financial crisis that originated in the US hit the world and its effects are being felt to this day. It began with the housing market having an upward spiral due to people buying houses due to easy credit, predatory lending by realtor companies, and massive government deregulation. This deadly mixture would lead to the global economy being put on the brink of collapse.

After the 9/11 attacks, the Federal Reserve "lowered the Federal funds rate 11 times – from 6.5% in May 2000 to 1.75% in December 2001 – creating a flood of liquidity in the economy." [59] This access to easy credit (as well as predatory lending and Americans being able to purchase houses via Freddie Mac and Fannie Mae in many cases) led people to buy houses that they were unable to afford. With houses being snapped up quickly, it "made investments in higher yielding subprime mortgages look like a new rush for gold." [60] Thus, companies began putting their money into these subprime mortgages. This only increased when the Federal Reserve lowered interest rates to 1% in June 2003. Financial companies then created a secondary market for subprime mortgages by repackaging them into collateralized debt obligations, which, while they were quite risky, if successful, would pay off quite handsomely.

The risk increased in October 2004 when the Security Exchange Commission relaxed the net capital requirement for Goldman Sachs, Merrill Lynch, Lehman Brothers, Bear Stearns, and Morgan Stanley. This allowed the banks to "leverage up to 30-times or even 40-times their initial investment." [61] This was essentially a green light from the feds for financial companies to take more risks with their investments.

Things began to go sour when "U.S. homeownership had peaked at 70%" in 2004 and "during the last quarter of 2005, home prices started to fall, which led to a 40% decline in the U.S. Home Construction Index during 2006." [62] This was already bad as the job boom in the construction sector would end, but also many people began defaulting on their loans, which in turn made banks wary of lending people money.

This effects of this mass mortgage defaulting would come home in 2007 as the financial companies couldn't solve the problem on its own and the crisis began spreading around the world. Even though the Federal Reserve began to slash discount and fund rates, the situation continued to worsen as corporations like Lehman Brothers and Merrill Lynch collapsed. In an attempt to solve this, in 2008 the US government bailed out the financial companies at the tune of \$700 billion. While this saved the financial corporations, it did nothing for those that had lost retirement or pension funds in the crisis. Many of those who had were directly involved in creating the crisis got multi-million and -billion dollar bonuses, while average Americans suffered in the form of skyrocketing unemployment and loss of investments.

While this financial disaster led to the near collapse of the global economy, there was also a moral collapse of America. Due to the unjustified war in Iraq, the torturing of prisoners, the illegal wiretapping, and the American government's general disregard for both national and international law, the United States lost its moral standing with the world. No longer was it the nation that was the beacon of freedom, democracy, and liberty. Now the US was in an

onset of imperial decline, something from which it would never come back from.

## Notes

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