

Rule by the Rich

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The [election of Republican Scott Brown](#) to the U.S. Senate by Democratic voters in Massachusetts sends President Obama a message. Voters perceive that Obama's administration has morphed into a Bush-Cheney government. Obama has reneged on every promise he made, from ending wars, to closing Gitmo, to providing health care for Americans, to curtailing the domestic police state, to putting the interests of dispossessed Americans ahead of the interests of the rich banksters who robbed Americans of their homes and pensions.

But what can Obama do other than spout more rhetoric?

The Democrats were destroyed as an independent party by jobs offshoring and so-called free trade agreements such as NAFTA. The effect of "globalism" has been to destroy the industrial and manufacturing unions, thus leaving the Democrats without a power base and source of funding.

Obama and the Democrats cannot be an opposition party, because Democrats are as dependent as Republicans on corporate interest groups for campaign funding.

The Democrats have to support war and the police state if they want funding from the military/security complex. They have to make the health care bill into a subsidy for private insurance if they want funding from the insurance companies. They have to abandon the American people for the rich banksters if they want funding from the financial lobby.

Now that the five Republicans on the Supreme Court have overturned decades of U.S. law and given corporations the ability to buy every American election, Democrats and Republicans can be nothing but pawns for a plutocracy.

Most Americans are hard pressed, but the corporations have only begun to milk them.

Wars are too profitable for the armaments industry to ever end. High unemployment is now a permanent state in the U.S., thus coercing job seekers into military service.

The security industry profits from the police state and regards civil liberties as a hindrance to profits. By announcing that he intends to continue the Bush policy of indefinite detention, a violation of the Constitution and U.S. legal procedures, Obama has granted the Democratic Party's consent to the Republicans' destruction of habeas corpus, the main bastion of individual liberty.

Jobs offshoring is too profitable for U.S. corporations for Obama to be able to save American jobs and restart the broken economy.

Americans are being squeezed out of health care not only by the loss of job benefits, but also by corporate takeover of medical practice from physicians. Today medical doctors are [wage slaves of corporate health providers](#) that leverage doctors by turning them into supervisors of physician assistants, lower-paid people without medical degrees who perform the services that doctors once provided. As neither doctor nor physician assistant has any independence, there is no one to represent the patient's care against the profits of the corporation.

Even environmental concerns are being used to create "cap and trade" rights to buy and sell the ability to pollute. Wall Street is licking its lips over a new source of leveraged derivative instruments.

The American public cannot even get reliable information about their plight as the "MainStream Media" has been concentrated into a few corporate hands that do not permit independent reporting. The media is as dependent on corporate money as are politicians.

How can President Obama restart an economy that has been moved offshore? Millions of manufacturing jobs are gone, as are millions of jobs for college graduates, such as software engineering, Information Technology—indeed, any intellectual skill the product of which can be conveyed via the Internet. Even those intellectual skill jobs that do remain in the U.S. are filled increasingly by [foreigners brought in on work visas](#).

The wipeout of blue collar and middle class job growth has stopped the growth of American incomes except, of course, those of the super rich. For a decade American consumers substituted increased personal indebtedness for income growth. In order to maintain and to increase their consumption, Americans consumed their assets, such as their home equity. Americans reached their maximum debt load just as the [real estate bubble burst](#) and just as the banksters highly-leveraged, toxic financial instruments brought down the stock market and the values of Americans' pensions.

The enormous damage done to the U.S. economy by jobs offshoring, work visas, and financial deregulation cannot be offset by government stimulus plans, which expand the debt burdens that are crushing Americans. The federal government's massive budget deficits and the Federal Reserve's easy monetary policy are setting the stage for an inflationary depression to follow a deflationary depression.

The Federal Reserve chairman says not to worry about inflation, because the Fed can take the money back out of the economy. But can the Fed take the money out without contracting the economy?

The Federal Reserve says not to worry about financing the federal budget deficit. Banksters are buying the Treasury bonds with the proceeds from their sales of their toxic derivatives to the Fed.

So what is happening to the Federal Reserve's balance sheet? And when will the Fed have no recourse but to print new money in order to finance the federal deficit?

How long can the dollar retain its reserve currency role in such circumstances, and how does the U.S. pay for its imports when this role is lost?

Don't look to Washington for answers to these questions.

Paul Craig Roberts [[email him](#)] was Assistant Secretary of the Treasury during President Reagan's first term. He was Associate Editor of the Wall Street Journal. He has held numerous academic appointments, including the William E. Simon Chair, Center for Strategic and International Studies, Georgetown University, and Senior Research Fellow, Hoover Institution, Stanford University. He was awarded the Legion of Honor by French President Francois Mitterrand. He is the author of [Supply-Side Revolution : An Insider's Account of Policymaking in Washington](#); [Alienation and the Soviet Economy](#) and [Meltdown: Inside the Soviet Economy](#), and is the co-author with Lawrence M. Stratton of [The Tyranny of Good Intentions : How Prosecutors and Bureaucrats Are Trampling the Constitution in the Name of Justice](#). Click [here](#) for Peter Brimelow's Forbes Magazine interview with Roberts about the recent epidemic of prosecutorial misconduct.

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