

# War, “Regime Change” and the Globalization of “Austerity Economics”

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*Many countries around the world are plagued by all kinds of armed rebellions, economic sanctions, civil wars, “democratic” coup d’états and/or wars of “regime change.” These include Ukraine, Venezuela, Syria, Thailand, Iran, Afghanistan, Iraq, Egypt, Yemen, Somalia and Lebanon. Even in the core capitalist countries the overwhelming majority of citizens are subjected to brutal wars of economic austerity.*

While not new, social convulsions seem to have become more numerous in recent years. They have become especially more frequent since the mysterious 9-11 attacks on the World Trade Center in 2001 and the 2008 financial collapse in the United States, which soon led to similar financial implosions and economic crises in Europe and beyond.

Despite their many differences, these social turbulences share two common features. The first is that they are largely induced, nurtured and orchestrated from outside, that is, by the United States and its allies—of course, in collaboration with their class allies from inside. And the second is that, contrary to the long-established historical pattern of social revolutions, where the desperate and disenfranchised masses rebelled against the ruling elites, in most of the recent struggles it is the elites that have instigated insurgencies and civil wars against the masses. The two features are, of course, integrally intertwined: essentially reflecting the shared interests and collaborative schemes of the international plutocracies against the global 99%.

## Fighting to Make Austerity Economics Universal

The official rationale (offered by the U.S. and its allies) that the goal of supporting anti-government opposition forces in places such as Syria, Ukraine and Venezuela is to spread democracy no longer holds any validity; it can easily be dismissed as a harebrained pretext to export neoliberalism and spread austerity economics. Abundant and irrefutable evidence shows that in places where the majority of citizens voted for and elected governments that were not to the liking of Western powers, these powers mobilized their local allies and hired all kinds of mercenary forces in order to overthrow the duly elected governments, thereby quashing the majority vote.

Such blatant interventions to overturn the elections that resulted from the majority vote include the promotion of the Orange Revolution in Ukraine (2004 and 2014), Rose Revolution in Georgia (2003), Cedar Revolution in Lebanon (2005), Tulip Revolution in Kyrgyzstan (2005) and the Green Revolution in Iran (2009). They also include the relentless agitation against the duly elected governments of the late Hugo Chavez and now his successor

Nicolás Maduro in Venezuela, as well as the rejection (and effective annulment) of the duly elected Hamas government in Palestine.

So, the real driving forces behind wars of regime change need to be sought elsewhere; specifically, in the imperatives of expansion and accumulation of capital on a global level. Socialist, social-democratic, populist or nationalist leaders who do not embrace neoliberal economic policies, and who may be wary of having their markets wide open to unbridled foreign capital, would be targeted for replacement with pliant leaders, or client states. This is, of course, not a new explanation of economic imperialism; it is as old as the internationalization of trade and investment.

What is relatively new, and seems to be the main driving force behind the recent wars of regime change, is that, as the U.S. and other major capitalist powers have lately embarked on austerity economic policies at home they also expect and, indeed, demand that other countries follow suit. In other words, it is no longer enough for a country to open its markets to investment and trade with Western economic powers. It seems equally important to these powers that that country also dismantle its public welfare programs and implement austerity measures of neoliberalism.

For example, after resisting imperialist pressures for years, the late Libyan leader Muammar al-Gaddafi eventually relented in 1993, and granted major oil and other transnational corporations of Western powers lucrative investment and trade deals. Under pressure, he even dismantled his country's nuclear technology altogether in the hope that this would please them to "leave him" alone, so to speak. None of the concessions he made, however, proved satisfactory to the U.S. and its allies, as his regime was violently overthrown in 2011 and he was literally butchered by the thuggish gangs that were trained and armed by Western powers.

Why? Because the U.S. and its allies expected more; they wanted him to follow the economic guidelines of the "experts" of global finance, that is, of the U.S. and European economic "advisors," of the International Monetary Fund and of the World Trade Organization—in short, to dismantle his country's rather robust state welfare programs and to restructure its economy after the model of neoliberalism.

The criminal treatment of al-Gaddafi can help explain why imperialist powers have also been scheming to overthrow the populist/socialist regimes of the late Hugo Chavez and his successor in Venezuela, of the Castro brothers in Cuba, of Rafael Correa Delgado in Ecuador, of Bashar Al-Assad in Syria and of Evo Morales in Bolivia. It also helps explain why they overthrew the popularly elected nationalist governments of Mohammad Mossadeq in Iran, of Jacobo Arbenz in Guatemala, of Kusno Sukarno in Indonesia, of Salvador Allende in Chile, of Sandinistas in Nicaragua, of Jean-Bertrand Aristide in Haiti and of Manuel Zelaya in Honduras.

The imperialist agenda of overthrowing al-Gaddafi and other "insubordinate" proponents of welfare state programs abroad is essentially part of the same evil agenda of dismantling such programs at home. While the form, the context and the means of destruction may be different, the thrust of the relentless attacks on the living conditions of the Libyan, Iranian, Venezuelan or Cuban peoples are essentially the same as the equally brutal attacks on the living conditions of the poor and working people in the US, UK, France and other degenerate capitalist countries. In a subtle way they are all part of an ongoing unilateral class warfare on a global scale. Whether they are carried out by military means and bombardments or

through the apparently “non-violent” processes of judicial or legislative means does not make a substantial difference as far as their impact on people’s lives and livelihoods is concerned.

The powerful plutocratic establishment in the core capitalist countries does not seem to feel comfortable to dismantle New Deal economics, Social Democratic reforms and welfare state programs in these countries while people in smaller, less-developed countries such as (al-Gaddafi’s) Libya, Venezuela or Cuba enjoy strong, state-sponsored social safety net programs. Plutocracy’s intolerance of “regimented” economies stems from a fear that strong state-sponsored economic safety net programs elsewhere may serve as “bad” models that could be demanded by citizens in the core capitalist countries.

In a moment of honesty, former U.S. President Harry Truman is reported as having expressed (in 1947) the unstated mission of the United States to globalize its economic system in the following words: “The whole world should adopt the American system. The American system can survive in America only if it becomes a world system” [1].

In a similar fashion, Lord Cecil Rhodes, who conquered much of Africa for the British Empire, is reported to have suggested during the heydays of the Empire that the simplest way to achieve peace was for England to convert and add the rest of the world (except the United States, Germany and few other Western powers of the time) to its colonies.

The Mafia equivalent of Truman’s or Rhodes’ statements would be something like this: “You do it our way, or we break your leg.”

The mindset behind Truman’s blunt statement that the rest of the world “should adopt the American system” has indeed served as something akin to a sacred mission that has guided the foreign policy of the United States ever since it supplanted the British authority as the major world power.

It explains, for example, the real and the main reason behind the Cold War hostilities between the U.S. and its allies, on the one side, and the Soviet Union and its allies, on the other. While the “threat of communism” has been the official rationale for the start and escalation of those hostilities, there is convincing evidence that not only Joseph Stalin and his successors in the Soviet Union had no plans to wage war against the United States or its allies but that, in fact, they played a restraining role to contain independent revolutionary movements worldwide. “It is often forgotten,” points out Sidney Lens, “that for a few years after the war, he [Stalin] assumed an exceedingly moderate posture. . . . His nation had lost 25 million people in the war, was desperately in need of aid for rebuilding, and continued for a long time to nurture hopes of coexistence. Far from being revolutionary, Stalin in those years put the damper on revolution wherever he could” [2]. To accommodate the United States and other Western powers in the hope of peaceful coexistence, Stalin often advised, and sometimes ordered, the pro-Moscow communist/leftist parties in Europe and elsewhere in the world to refrain from revolutionary policies that might jeopardize the hoped-for chances of coexistence.

The goal or mission of converting other economies to the U.S.-style capitalism also helps explain why the United States has engaged in so many military operations and engineered so many coup d’états and regime changes around the world. The Federation of American Scientists has recorded a list of U.S. foreign military engagements which shows that in the first decade after the collapse of the Berlin Wall (1989-99) the U.S. engaged in 134 such

operations, the majority of which are altogether unknown to the American public [3].

Global financial elites change “unaccommodating” regimes not only in the less developed countries but also in the core capitalist countries. They accomplish this not so much by military means as by utilizing two very subtle but powerful means: (a) artificial, money-driven elections, peddled as “democracy in action”; and (b) powerful financial institutions and think tanks such as the International Monetary Fund (IMF), central banks and bond/credit rating agencies like Moody’s, Standard & Poor’s and Fitch Group. An unfavorable rating report by these agencies on the credit status of a country can create havoc on that country’s economic, financial and currency position in world markets, thereby dooming its government to collapse and replacement. This is how during the ongoing financial turbulence of recent years a number of governments have been changed in places like Greece and Italy—no need for the traditional or military style regime change, the “soft-power” financial coup d’état engineered by the IMF and/or rating agencies would serve the purpose even more effectively.

### Class War on a Global Scale

As noted, all the schemes and wars of regime change, whether by the traditional military means or by the “soft” power of the global financial juggernaut, essentially represent one thing: a disguised class war on a global level, a relentless worldwide economic war by the one percent financial-economic oligarchy against the rest of the world population.

Class struggle in an economically-tiered society is of course not new. What is relatively new in the recent years’ war of the 1% against the 99% is its escalated pace, its widespread scale and its globally orchestrated character. While neoliberal austerity attacks on the living conditions of the public in the core capitalist countries began (formally) with the supply-side economics of President Ronald Reagan and Prime Minister Margaret Thatcher more than three decades ago, the brutality of such attacks have become much more severe in the context of the current financial/economic crisis, which began with the 2008 financial crash in the United States.

Taking advantage of the crash (as an economic shock therapy, as Naomi Klein put it), the financial oligarchy and their proxies in the governments of the core capitalist countries have been carrying out a systematic economic coup d’état against the people the ravages of which include the following:

- Transfer of tens of trillions of dollars from the public to the financial oligarchy through merciless austerity cuts;
- Extensive privatization of public assets and services, including irreplaceable historical monuments, priceless cultural landmarks, and vital social services such as healthcare, education and water supply;
- Substitution of corporate/banking welfare policies for people’s welfare programs;
- Allocation of the lion’s share of government’s monetary largesse (and of credit creation in general) to speculative investment instead of real investment;
- Systematic undermining of the retirement security of millions of workers (both white and blue collar) and civil servants;

- Ever more blatant control of economic and/or financial policies by the representatives of the financial oligarchy.

Combined, these policies have significantly aggravated the already lopsided income/wealth distribution in these countries. The massive cuts in social spending have resulted in an enormous transfer of economic resources from the bottom up. The transfer has, indeed, more than made up for the 2008 losses of the financial speculators. In the U.S., for example, the wealthiest one percent now own 40 percent of the entire country's wealth; while the bottom 80 percent own only seven percent. Likewise, the richest one percent now take home 24 percent of the country's total income, compared to only nine percent four decades ago [4].

This shows that, as pointed out earlier, while neoliberal attacks on the 99% in the core capitalist countries may not seem as violent as those raging, for example, in Venezuela, Syria or Ukraine, the financial impact of such attacks on the living conditions of the 99% is not any less devastating.

### Plutocrats of the World Are United

Policies of regime change are usually designed and carried out as collaborative schemes by cross-border plutocracies, that is, by the financial oligarchies of the imperialist countries in partnership with their native counterparts in the less-developed countries.

In addition to constant behind-the-scenes strategizing, representatives of transnational capital and their proxies in capitalist governments also routinely meet at international conferences in order to synchronize their cross-border business and financial policies—a major focus of which in recent years has been to implement global austerity measures and entrench neoliberal policies worldwide. These include the World Economic Forum in Davos, Switzerland, the World Bank and IMF annual meetings, the Periodic G20 meetings, the Aspen Institutes Ideas Festival, The Bilderberg Group annual geopolitics forum, and the Herb Allen's Sun Valley gathering of media moguls—to name only a handful of the many such international policy gatherings.

Through its global strategies and operations, transnational capital has broken free from national constraints and commitments at home and successfully shifted the correlation of class forces and social alliances worldwide. Today's elites of global capitalism "are becoming a trans-global community of peers who have more in common with one another than with their countrymen back home," writes Chrystia Freeland, Global Editor of Reuters, who travels with the elites to many parts of the world. "Whether they maintain primary residences in New York or Hong Kong, Moscow or Mumbai, today's super-rich are increasingly a nation unto themselves," she adds [5].

### Implications for Globalization from Below

What conclusions can the 99% draw from this? What can the working people and other grassroots do to protect their jobs, their sources of livelihood, their communities and their environment? What can communities of ordinary people do to undermine the strategies of the global 1% that block life-sustaining progressive social and economic reforms?

In the same fashion that, in their fight against the working people, the elites of the international capitalist class are not bound by territoriality or national boundaries, so does

the working class need to coordinate its response internationally.

A logical, first step deterrent to transnational capital's strategy of blackmailing labor and communities through threats such as destroying or exporting jobs by moving their business elsewhere would be to remove the lures that induce plant relocation, capital flight or outsourcing. Making labor costs of production comparable on an international level would be crucial for this purpose. This would entail taking the necessary steps toward the international establishment of wage and benefits, that is, of labor cost parity within the same company and the same trade, subject to (a) the cost of living, and (b) productivity in each country.

A strategy of this sort would replace the current downward competition between workers in various countries with coordinated bargaining and joint policies for mutual interests and problem-solving on a global level. While this may sound radical, it is not any more radical than what the transnational 1% is doing: coordinating their anti-99% strategies on a global scale. If at an earlier stage of capitalist development "workers of the world unite" seemed an outlandish dream of the leading labor champion Karl Marx, internationalization of capital, the abundance of material resources and developments in technology, which has greatly facilitated cross-border organizing and coordination of actions by the 99%, has now made that dream an urgent necessity.

As capital and labor are the cornerstones of capitalist production, their respective organizations and institutions evolve more or less apace, over time and space. Thus, when production was local, so was labor: carpenters, shoemakers, bricklayers, and other craftsmen organized primarily in their local communities. But as capitalist production became national, so did trade unions. Now that capitalist production has become global, labor organizations too need to become international in order to safeguard their and their communities' rights against the profit-driven whims of the footloose and fancy-free transnational capital.

Many would argue that these are not propitious times to speak of radical alternatives to capitalism. The present state of the sociopolitical landscape of our societies appears to support such feelings of pessimism. The high levels of unemployment in most countries of the world and the resulting international labor rivalry, combined with the austerity offensive of neoliberalism on a global level, have thrown the working class and other grassroots on the defensive. The steady drift of the European socialist, Social Democratic, and labor parties/governments toward the U.S.-style market economies and the erosion of their traditional ideology, power, and prestige have led to workers' confusion there. The collapse of the Soviet Union, however much some socialists have always distanced themselves from that system, haunts the specter of socialism, and is likely to do so for some time to come. These developments have understandably led to workers' and other grassroots' confusion and disorientation globally.

None of these, however, mean that there is no way out of the status quo. Capitalism is not only "destructive," it is also "regenerative," as Karl Marx put. As it captures world markets, universalizes the reign of capital, and disrupts the living conditions for many, it simultaneously sows the seeds of its own transformation. On the one hand, it creates common problems and shared concerns for the majority of the world population; on the other, it creates the material conditions and the technology that facilitate communication and cooperation among this majority of world citizens for joint actions and alternative solutions.



When the majority of world population, the global 99%, will come to the realization and determination to actually appropriate and utilize the existing technology and material resources for a better organization and management of the world economy, no one can tell. But the potential and the long term trajectory of global socioeconomic developments point in that direction. The distance between now and then, between our immediate frustrations and the superior but elusive civilization of our desire, can be traversed only if we take the necessary steps toward that end [6].

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## Notes

[1] As cited in Jan NederveenPieterse, Globalization or Empire. New York and London: Routledge 2004, P. 131.

[2] The Military-Industrial Complex, Kansas City, MO: Pilgrim Press and the National Catholic Reporter 1970, p. 19.

[3] See Ismael Hossein-zadeh, The Political Economy of U.S. Militarism, Palgrave-Macmillan 2006, p. 88.

[4] Henry Blodget, "America Today: 3 Million Overlords and 300 Million Serfs," Business Insider, April 10, 2013, available at: <<http://www.businessinsider.com/wealth-and-income-inequality-in-america-2013-4?op=1>>.

[5] "The Rise of the New Global Elite," The Atlantic, January-February 2011, available at: <<http://www.theatlantic.com/magazine/archive/2011/01/the-rise-of-the-new-global-elite/308343/>>.

[6] For a detailed discussion of this issue see Ismael Hossein-zadeh, Beyond Mainstream Explanations of the Financial Crisis, Routledge (forthcoming, April 29, 2014), Chapter 8.

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