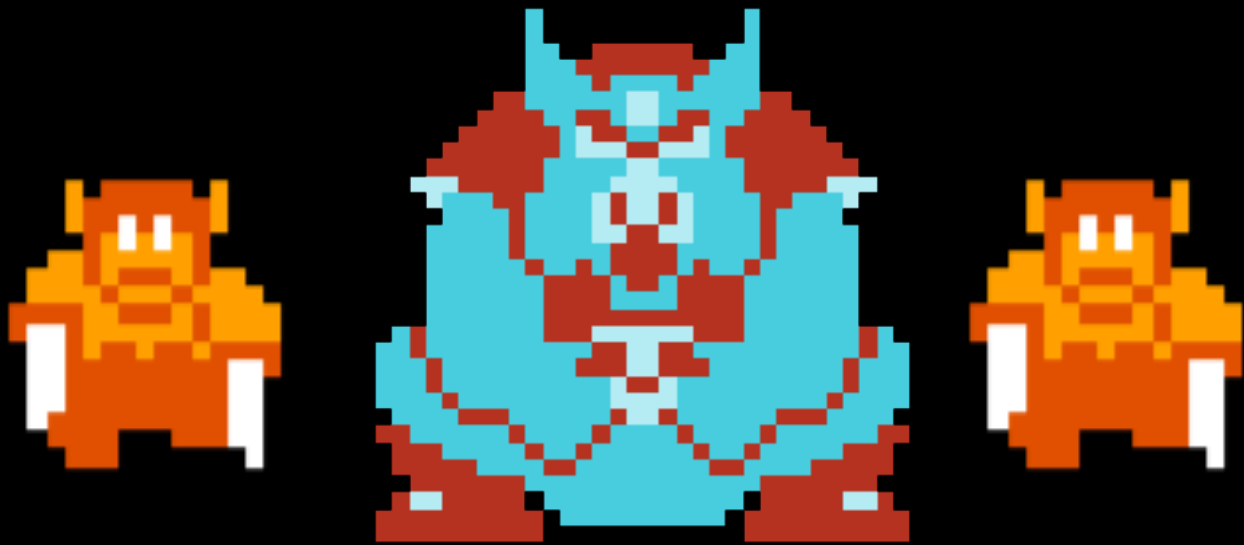


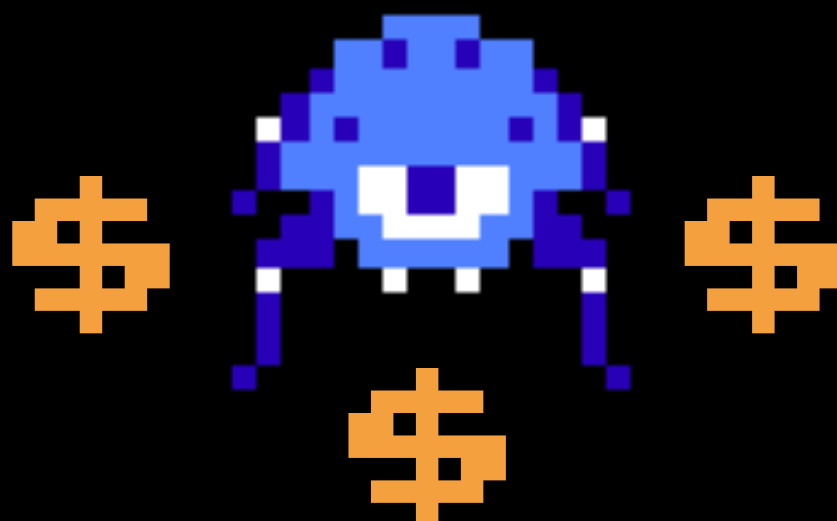
THE FASCISTIC RESTRUCTING OF AMERICAN CAPITALISM



by RAINER SHEA

Introduction

Since the United States became the main world power in the 1940s, opening corporations up to the countries the U.S. empire would come to exploit in the following decades, working class people in America have filled a role more disposable than had previously been the case. Labor could be easily extracted by U.S. corporations from the Third World, because capitalism was now centered around the largest empire in world history. But now the economic order is changing, and the U.S. capitalist class is needing to adapt.



Neoliberalism and the Petrodollar

In his book *Against Empire*, Michael Parenti concluded about the economic arrangement of recent generations that “Designed to leave the world’s economic destiny at the mercy of bankers and multinational corporations, Globalization is a logical extension of imperialism, a victory of empire over republic, international finance capital over democracy.”

When the value of labor from American workers was reduced and corporate interests were global rather than national, the corporatocracy could afford to deindustrialize the imperial core. Millions of U.S. jobs were moved to lower wage countries through free trade deals like NAFTA. In the 1970s, a neoliberal shock doctrine began to be imposed upon exploited countries like Chile, and neoliberalism was soon brought to the U.S. and the other imperial powers. By the end of the 20th century, both the global south and the global

north had been thoroughly transformed by the new paradigm of privatization, austerity, deregulation, and a shifting of the tax burden onto the poor.

Neoliberalism was the way for the corporations to maintain rising profits in a world where the mid-century welfare states had become detrimental to the capitalist class. Spending on the Vietnam War had sent the U.S. into a recession that was making corporate profits drop, exacerbated by the quadrupling of oil prices that was brought on by the 1973 oil embargo.

The embargo, which was a response by the Organization of Arab Petroleum Exporting Countries to Washington’s support for Israel, demonstrated the need for U.S. imperialism to adapt. The capitalist class preserved U.S.-led globalization amid this crisis both by implementing neoliberalism, and by placing a new level of importance on the petrodollar system. The U.S. made a deal¹ with Saudi Arabia and other

OPEC countries, one where they deposited oil profits to Western banks in exchange for Washington sending U.S. companies to westernize Saudi Arabia.

Under this global economic model, the 1% enjoyed a mostly steady uptick in profits for several decades. But at some point it had to come back down.

Boom and bust

After the 2008 crash, the power of the big banks was further consolidated, making² the financial system more concentrated and unstable than it had been before. New financial bubbles appeared³ around



the globe as all of the lending schemes that had led to the previous crash continued. When the Covid-19 crash came, it correlated⁴ with a new housing crisis that was already in progress, making the Federal Reserve powerless to stop it from turning into a recession. Now most investors are saying⁵ that the current downturn will be worse than the last one, and tens of thousands of U.S. capitalists have lost⁶ their statuses as millionaires.

The petrodollar system has been growing unstable as well. Since the creation of the petrodollar, Iran's U.S.-installed Shah has been overthrown by an anti-imperialist government that's abandoned the U.S. dollar in international trade. The Chavista revolution has made Washington lose Venezuela as a petrodollar asset as well. This is why Washington continues to escalate its efforts towards regime change in these two countries: they add to the great losses that the petrodollar is experiencing amid the current crisis.

Last week, the price of



crude oil briefly dropped to below zero. This is partly the result of the ill-timed recent increases in oil production from the Saudi-Russian oil price war, which has been heating up at the same time that Covid-19 has shut down world economies and decreased demand for oil. Despite the attempts from U.S. oil companies to maneuver the situation, the American oil industry is especially vulnerable to rapid price drops, as is the U.S. dollar itself. Market reporter Jamie Redman writes:

Experts say that the continued sell-off shows the oil problems are not going away and the severe issues could ultimately destroy the U.S. dollar. Since 1944, the USD has been propped up by the petro-dollar scheme and with oil prices

*below zero, the dollar could easily collapse. Free market advocates, gold bugs, and cryptocurrency proponents have always said that today's monetary system was immoral and manipulated.*⁷

Of all the countries in the world, U.S. leaders have been some of the worst manipulators in history and the nation's super-powers may be coming to an end.

This goes along with the crisis being faced by Washington's key middle eastern economic asset Saudi Arabia, which former CIA analyst Bruce Riedel says is "facing the perfect storm — weak oil prices, pandemic, and quagmire in Yemen."⁸ If the currency system and global economic leverage that U.S.-led globalization depends on are crumbling, what does this mean for the continued viability of neoliberalism?



It means that neoliberalism-which has long had the destabilizing effect of exacerbating wealth inequality-is becoming more of a liability for the capitalist class. The U.S., whose capacity for internal economic productivity has been diminished by decades of deindustrialization and a twelve-year-long state of recession, is now committing economic suicide⁹ by shutting down its economy with no meaningful measures to protect the public welfare.

China can quarantine its population for months and economically bounce back, because it has a planned economy with a strong social safety net. But the

U.S. is now doomed to a continued series of downturns in the coming months and years, with unemployment sure to remain very high no matter how soon the quarantine measures end. It doesn't help that the U.S. is preparing to default on debts owed to China, which could further harm the U.S. economy.¹⁰

All of this is a recipe for rising lower class discontent and a continued growth in labor struggles. It also reduces the economic power of the capitalist class. The American workers, who were more expendable when the U.S. corporatocracy could reach further out, are now more essential for the system to function. This is why Trump is rushing to get all of the laid off people back to work.

There's a perfect storm to be faced not just for the Saudis, but for the U.S. and the other countries which have embraced neoliberalism and economically tied

themselves to Western imperialism. America's recent economic chaos and governmental ineptitude to respond to the pandemic has proven the U.S. is a failed state, and similar situations are arising for partnered powers like Brazil¹¹ and the U.K.¹² Around the world, the contradictions of capitalism are heightening.

Economic Nationalism

Trump's "America First" economic approach is becoming more accepted among the U.S. ruling class as the cold war with China escalates. Bloomberg reports that "Businesses are reassessing China's role in global supply chains, and by the time this virus burns out, many of them will have started planning to relocate at least some of their production elsewhere. Deglobalization is accelerating."¹³ This embrace of isolationism within the corporatocracy, the political establishment, and the military elite is the

latest part of how American imperialism is turning inward.

In this situation where the U.S. empire is in decline and looking towards nationalism over globalization, the biggest corporations are trying to reshape the economy best to their advantage. A consolidation of economic power is going on within the imperial core, one where the 0.01% are growing richer than ever while almost everyone else becomes poorer.

If a number of financial institutions go down like Lehman Brothers went down in 2008, they'll be replaced by BlackRock, the private contractor that's been tasked with managing the Federal Reserve's bailout slush fund.

BlackRock is bigger than Goldman Sachs, JP Morgan, and Deutsche Bank combined, and because of the Covid-19 crash it's become the operating system of the U.S. treasury. BlackRock is also a major Trump donor. This political and economic power grab

represents "the Wall Street-ization of the Fed," as the journalist Pepe Escobar has called¹⁴ what's happening to the financial system.

It's a scheme that will both make BlackRock a supreme financial power over the United States, and make plutocrats like Jeff Bezos¹⁵



come out on top by injecting a market stimulus that is increasing the market value of Amazon and other monopolies. Bezos in particular has opportunities to profit from the turmoil of the coming months and years, because Amazon provides¹⁶ technology for the military/intelligence

complex. And intelligence agencies and the military are going to need more resources as they seek to further fortify the national security state.

Bill Gates, whose COVID-19 philanthropy has worked¹⁷ to solidify billionaire control over public health, stands to benefit from the pandemic in more ominous ways. Gates' multi-billion dollar project to create and distribute a Covid-19 vaccine isn't motivated by a pure humanitarian desire; part of the endgame of his mass produced vaccination campaign is a new digital mass surveillance system, as he's explicitly stated in one recent talk: "Eventually what we'll have to have is certificates of who's a recovered person, who's a vaccinated person...So eventually there will be this digital immunity proof that will help facilitate the global reopening up."¹⁸ This is a prospect for the long term. In the short term, other facets of big pharma, like the notoriously corrupt company *BioPort*, are profiting greatly from

COVID-19.¹⁹

Gates' vision for a vast, high-tech tracking network is where the demand for artificial intelligence-driven mass surveillance comes in. Last year, the National Security Commission on Artificial Intelligence—which has ties to the CIA and to top Trump donor Sheldon Adelson—called for the U.S. to adopt a mass surveillance system far more extreme than that of any other country.²⁰ A desire to compete with Chinese technology was the NSCAI's main rationale for advocating for the implementation of a new national infrastructure, one where interconnected AI systems monitor everyone's daily activities. The commission stated that surveillance represents "one of the 'first-and-best customers' for AI," and that "having streets carpeted with cameras is good infrastructure."

The companies helping to bring us towards these "smart cities" are Google, Palantir, and the other

Silicon Valley tech giants that have ties with the NSCAI. They're already facilitating the transition into their ideal post-COVID-19 scenario, as Microsoft, Amazon, Google, Lockheed Martin, and Oracle are advising the White House in its project to reopen the economy.

Now we can get a sense of what the ruling class plans to replace neoliberal globalization with. The NSCAI's ultimate goals are to overhaul traditional car ownership and normalize self-driving cars, to move beyond in-person shopping so that all shopping is done online, and to do away with paper money and make currency entirely take the form of digital wallets. It's no wonder why they're aiming for a replacement of the American currency system, since the U.S. dollar is losing its value.

If these changes accompany a universal basic income, as many billionaires have begun to propose²¹ implementing, capitalism in the U.S. will move beyond

the old neoliberal model and (the ruling class hopes) reach a stable new equilibrium. The future these oligarchs and corporate giants want is one where living standards are improved enough for workers and poor people to stop organizing, and where dissension is kept in check by intensive surveillance and a militarized police state. This is the repressive, extremely unequal, and globally isolated version of American capitalism that's going to follow the country's era as a hegemonic power.



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