

# Washington's internal battles and the crisis of the old political order

The WSWS Editorial Board  
21 April 1998

As recent events have made clear, whatever its ebbs and flows, the political warfare in Washington grinds on with little prospect of ending. Notwithstanding the polls showing widespread public disgust with independent counsel Kenneth Starr's probe of Clinton's sexual activities, and an Arkansas judge's dismissal of the Paula Jones lawsuit, both Starr and Jones were back in the limelight last week, proclaiming they would continue their attacks on the Clinton White House.

Starr's connections to extreme right-wing elements who have financed efforts to undermine the Clinton administration are by now widely publicized. One of the reasons he announced his withdrawal from proffered posts at Pepperdine University is the fact that Richard Mellon Scaife, the Mellon family banking heir and right-wing publisher, is a major donor to the university. Starr is battling with the Justice Department over who will investigate charges that some of the \$2 million Scaife gave to the anti-Clinton *American Spectator* magazine was paid out to David Hale, a key witness for Starr against the Clintons.

But another reason was to make it clear that he had no intention of winding down his far-flung probe. Indeed, this past week he went to court to compel Secret Service agents to testify before his Washington grand jury on Clinton's relations with Monica Lewinsky, and it is believed he will soon indict former Clinton administration official Webster Hubbell in an attempt to extract testimony damaging to the president.

On the face of it, Starr's single-minded attempt to extract either a criminal indictment or a case for impeachment from truly inconsequential matters—Clinton's private sexual affairs and a two-decade old-land deal in Arkansas—and the avid efforts of the media to lend credibility to his investigation, seem bizarre.

The campaign against the White House is, moreover, marked by an unprecedented level of vitriol. Fairly typical of the language used by Clinton's opponents was the accusation of "thuggery" from former Reagan official William Bennett in a *Wall Street Journal* column last week. Paula Jones's lawyer told a nationally televised press conference, "We frankly don't care whether he is President of the United States or busing tables at Luby's cafeteria when this lawsuit comes to trial."

## A new modus operandi

In this demeaning of the White House and its occupant the world is witnessing not simply a sex scandal, but the emergence of a new modus operandi of American politics. Within the ruling class, elections themselves, the sine qua non of American democracy, are no longer accepted as final or authoritative. In the eyes of competing financial interests, and individuals whose vast fortunes bring

enormous political influence, the fact that the people have, at least in theory, expressed their collective will no longer validates a government.

There have, of course, always been divisions within the ruling financial and political circles, but there have as well been certain ground rules generally accepted on all sides. In the common interest of upholding tried and tested institutions of rule, such traditions as "the loyal opposition" have prevailed through the rough and tumble of American bourgeois politics. But the old rules and the old methods are visibly breaking down. Political life presents an unedifying spectacle of intrigue and conspiracy that brings to mind the turf wars of rival mafia dons. More precisely, it mirrors the ruthless struggle over markets and profits within the corporate world.

In their totality, these political phenomena reflect a breakdown of the traditional institutions of democracy in America. Elections, congressional debate, Constitutional guarantees of civil liberties—these have always been strictly circumscribed and molded to serve the class interests and defend the property of the economic elite. In practice, the working class is effectively disenfranchised by the capitalist political setup, and whenever it begins to fight collectively against the inequities and oppression inherent in the profit system, it quickly comes under attack from the government, the courts and the police, and often finds itself stripped of even its formal rights of assembly, free speech, etc.

Nevertheless, the institutions of democracy, such as they are, have served American capitalism well as a means of maintaining social and political stability. A breakdown of these institutions represents a sharp change in the political forms of rule, and must reflect deep-going social and economic processes.

The first fact to be noted in this connection is the enormous and growing level of social inequality. The most recent study of the economic polarization of American society, reported in the May issue of *Smart Money* magazine, notes that the income of the top 1 percent of Americans, about 2.6 million people, now equals that of the bottom one-third of the population, or 88 million people.

This widening chasm between a fabulously rich elite, whose numbers grow along with the rise in the stock market, but remain a tiny percentage of the population as a whole, and the masses of working people, whose income and conditions of life continue to stagnate or decline, finds its reflection in the narrowing base for capitalist politics and its two major parties. The fact that the vast majority of the people have no real say in the priorities of American society becomes increasingly apparent, as corporate interests manipulate elections and buy political influence like they invest in stocks, bonds and commodity futures. Political life becomes quite

openly the plaything of a very narrow circle of people with great sums of money at their disposal.

### **The crisis of the middle class**

Statistics on income such as those quoted above describe not simply a polarization of wealth, but, more fundamentally, a polarization of social classes. One of the most momentous aspects of this process is the erosion in the position of the large middle strata of American society. The tumultuous changes of the past two decades—the globalization of economic life, the computer revolution, the waves of corporate merging and downsizing—have had a traumatic impact on the middle class. Millions of professional and white collar employees, administrators and managers, as well as small farmers and small businessmen, have been thrown from a life of relative economic security to one of crisis and even deprivation.

In its summation of the International Labour Organization's *1997-1998 World Labour Report*, the quarterly magazine of the ILO notes: "The most immediate casualties of efforts to promote flexibility and 'lean' production have been managers, whose ranks have been dramatically reduced. In the US, for example, '18.6 percent of all positions phased out since 1988 came from middle management, although middle managers account for only 5.8 percent of the workforce.'"

Virtually overnight, millions of college educated professionals and self-employed people have been effectively proletarianized. Just like any other worker, they find that to survive they must sell their labor power in return for a wage. At the same time a much smaller layer of the middle class, including some in the academic world and the media, have been drawn into the orbit of the rich. The middle class has always constituted the main social base for parliamentary forms of capitalist rule. Its internal polarization and overall decline play a central role in undermining these traditional institutions.

### **Social policy and the bull market**

The same processes that fuel the growth of social inequality are also producing profound changes within the ruling circles of American society. For nearly two decades the central focus of US economic and social policy has been a far-reaching redistribution of the national wealth in favor of the rich, and the main instrument for effecting this change has been the stock market. Over the past decade alone, the Dow Jones Industrial Average has climbed from 2,000 to 9,000.

Policies designed to foster a "favorable investment climate"—mass layoffs, union-busting, wage-cutting, forced overtime, speedup, the dismantling of government regulations on business, the gutting of social welfare programs, tax breaks for the wealthy—have helped fuel a massive inflation of values on the stock exchange. Big business and the rich rely as never before on an ever ascending stock market, and this in large measure accounts for their acute sensitivity to any sign, no matter how timid, of a retreat from the brutal social policies that have fueled the staggering rise in share values.

Many thousands of nouveau riche have been propelled by the record bull market to the summits of corporate power and influence. The structure of the American ruling class itself has undergone a significant change.

The old "sixty families" of past generations remain—the Fords, Mellons, Rockefellers, etc.—and continue to wield tremendous power. But they no longer exercise the same degree of dominance. All sorts of interlopers, *the barbarians at the gate* of a television film from a few years back, have amassed fortunes which challenge and in some cases surpass those of the old robber baron clans.

Microsoft's Bill Gates, for example, has built up an estimated \$40

billion in personal assets over the past two decades. His fortune is not rooted in auto factories, oil wells or even banking empires. It is tied to a far greater degree to the accumulation of paper values on the stock market. Gates's \$40 billion depends on a staggering ratio of 100 to 1 between the market value of Microsoft shares and the company's annual earnings.

### **Fracturing of relations**

One result of the complex and many-sided changes in the internal structure of American capitalism is a diffusion of power within the ruling class itself, which tends to cut across the development of a consensus on basic questions of policy. In the ruthless struggle for markets and profits of rival corporate powers and big investors, increasingly driven by the ups and downs on Wall Street, one sees a fracturing of the old relations that lent a degree of stability to social and political conditions in America. This process, while more advanced and transparent in the US, is a feature of capitalist economies all over the world.

In the end, these changes in the economic and social structure of America underlie the ever more squalid character of bourgeois politics. Competing corporate powers, seeking to promote their distinct interests, carry out an increasingly open and reckless battle to control the machinery of the state and dictate its policies.

The lack, to date, of significant organized opposition from below—from the working class—has the contradictory result of undercutting the cautionary warnings of those defenders of capitalism who foresee in the present course a looming disaster. But the appearance of a weakened working class is highly deceptive. It is not the result of a diminution in the social power of labor, but rather the impotence and breakdown of the old labor organizations.

The seeming absence of labor as a factor in the political equation is not a permanent state of affairs and does not correspond to the underlying social realities. On a more fundamental level, the reality is quite the opposite. The working class today embraces the vast majority of the population; its ranks and its social might are expanding.

The breakdown of the old forms of rule presages a period of intense social struggle. The mounting crisis will present the working class with both the opportunity and the urgent necessity to intervene independently to defend its own interests. At a certain point, the fundamental class relations will begin to express themselves directly in the political life of the country. The more the working masses move into action on the basis of a social program that reflects their needs, the more their vast power and revolutionary potential will become evident.

Such a conscious political struggle must be prepared through the construction of a new, revolutionary leadership and the development of a socialist program directed against the whole of the diseased capitalist order. The Socialist Equality Party is being built to carry out this historic task.



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