Part three

# Five years since 9/11: A political balance sheet

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*The following is a report delivered by David North, the chairman of the international editorial board of the* World Socialist Web Site *and national secretary of the Socialist Equality Party of the US, to an SEP aggregate meeting held over the weekend of September 9-10.*

**The state of American society**

In his speech of August 31 before the national convention of the American Legion in Utah, President Bush proclaimed that "Governments accountable to the voters focus on building roads and schools—not on weapons of mass destruction." By that measure, there is no government less accountable to the people than that of the United States! The portion of the federal budget allocated to road building and education is less than 10 percent of the official military budget.

There is no impenetrable barrier that separates foreign and domestic policy. Both express in different forms the interests and outlook of the ruling elite. The foreign policy of the United States is the expression within the sphere of world politics of the class interests of the financial-corporate oligarchy that rules the United States. Indeed, there is a striking parallel between the indifference displayed by the Bush administration toward the critical needs of the people of Iraq in the aftermath of the US invasion and its callous neglect of the citizens of New Orleans in the aftermath of Hurricane Katrina. The government stood by as an entire city was destroyed, thousands of people lost their lives, and tens of thousands were rendered homeless.

Not only the cruelty but also the incompetence of the ruling elite was demonstrated in New Orleans no less than in Baghdad.

This element of incompetence is not an incidental phenomenon, but reflects real and profound tendencies of decomposition and decay in the entire social structure of the United States. The wealth of its ruling strata increases exponentially in proportion to the disintegration of the industrial and social infrastructure of the country.

The ruling elite assumes more and more the social physiognomy of the underworld. Massive personal wealth is accumulated not through the development of the productive forces, but through their destruction. The era of industry titans, whose personal ruthlessness was at least associated with the creation of gigantic industries, belongs now to the distant past. The corporate CEO in contemporary America is the personification of a parasitical economic system whose central purpose is the immediate financial gratification and enrichment of a small, privileged elite. Corporate planning consists to a great extent in diverting company resources away from productive and long-term investments and into the personal bank accounts of executives and large shareholders.

On July 15, 2006, the *Wall Street Journal* published a front-page analysis of the response of major American corporations to the tragedy of 9/11. While tens of millions of ordinary Americans grieved over the deaths of more than 2,500 fellow citizens, leading executives at the largest US corporations rejoiced over the unexpected opportunity provided by the tragedy to enrich themselves.

The stock exchanges were closed for six days following the attack on the World Trade Center. Share prices fell more than 14 percent following the reopening of the market on September 17, 2001. Leading executives at 186 major companies took advantage of the precipitous and temporary fall in share values to award themselves lucrative stock options at bargain basement prices. Ninety-one companies that did not normally grant options did so after September 17, 2001, handing out options valued at $325 million.

Some of these companies had lost employees in the 9/11 tragedy. For example, Teradyne Corporation had lost a worker on American Flight 11. But the company's CEO did not miss the opportunity to turn the tragedy into a personal windfall. He was awarded 600,000 options that enabled him to buy stock at 24 percent below the pre-9/11 levels.

Teradyne's CEO was one of many executives for whom 9/11 was a lucky strike. T. Rowe Price granted 280,000 options to two top executives. The CEO of Merrill Lynch received 753,770 options. The CEO of Home Depot was granted one million options. The *Wall Street Journal* asks: "Did companies take unseemly advantage of a national tragedy?" You might say so, but I could not possibly comment!

This dark and ghoulish tale of Wall Street executives reaping rich rewards from death and destruction is a true expression of the social reality of post-9/11 America. During the last five years of the "War on Terror," the pre-9/11 tendencies of wealth concentration and social inequality have accelerated.

A recently released report on income inequality prepared by noted economists Thomas Piketty and Emmanuel Saez documents the acceleration in the pace of wealth concentration in the United States. Supplementing the results of their 2003 path-breaking analysis of income inequality in the United States between 1913 and 1998, the latest data reviewed by Piketty and Saez establishes that gains in the income of the wealthiest one percent of American society is a substantial multiple of the increases realized by the bottom 99 percent. Moreover, that the greatest increases were enjoyed by the top 0.1 percent of society.

According to a summary of the Piketty-Saez findings prepared by the Center on Budget and Policy Priorities:

* Inflation-adjusted average incomes of the bottom 99 percent of households increased by only 3 percent in 2003-2004. This average income figure largely reflects the gains registered in the upper 20 percent of households. In other words, income growth among the lower 80 percent of households either stagnated or declined.

* 41 percent of gains in average income went to the top one percent of households—those earning above $315,000 annually.

* The share of pre-tax income garnered by the top one percent increased

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from 17.5 percent in 2003 to 19.5 percent in 2004. An increase on this scale has occurred only 5 times since 1913.

* The top one percent's share of total US income in 2004 was greater than at any time since 1929—with the exception of the years 1999 and 2000, the climax of the market bubble of the last decade.

* Among the top one-tenth of one percent of households, the share of national income increased by 1.3 percent—that is from 7.9 percent to 9.2 percent—between 2003 and 2004. This actually means that more than half of all income gains in the top 1 percent of households went to the richest 0.1 percent of US households—that is, to the upper levels of the American social oligarchy.

The figures for 2003-2004 continue a trend toward ever-greater levels of social inequality that began in the mid-1970s. Prior to that, from the end of World War II until the recession of 1973-75, the share of national income realized by working class households grew substantially. That trend was reversed by the corporate offensive against the working class that began in the Carter administration and was accelerated by President Reagan and his successors.

The staggering level of wealth concentration in the United States is not an unfortunate blemish on an otherwise healthy society. Though it arises on the basis of private ownership of the means of production, and is embedded in the social relations of capitalism, the uncontrollable increase in the wealth of the richest people in the United States has assumed such huge dimensions as to become a major and determining factor in the direction of political and economic life. Every aspect of foreign and domestic policy and the setting of national priorities is determined, directly and immediately, by the insatiable demands of the ruling oligarchy for ever greater levels of personal wealth.

The setting of corporate priorities and the working out of business strategies are determined almost entirely by their anticipated impact on the personal income of company executives. The principal and overriding purpose of the modern American corporation is to ensure the annual delivery of millions and tens of millions of dollars to its executives and principal shareholders.

The social being of the ruling elite is dependent upon the ruthless exploitation and despoiling of society as a whole. The longer-term impact of the decisions made in the frenzied pursuit of grotesque and really obscene levels of personal wealth—the starving of the corporations themselves of the funds required for research, development and the replenishing of their productive base, the diversion of resources away from productive investments and toward flimsy, ill-conceived and socially destructive ventures, and, above all, the erosion of the social infrastructure and impoverishment of ever-larger sections of society—is of no particular interest to the ruling elite. It is as blind to the consequences of its actions as the French aristocracy that amused itself at the court of Versailles.

Looking at the activities of the ruling oligarchy in America, one can better understand the social processes that created, during the French Revolution, an enthusiastic mass constituency for the guillotine. More and more, the ruling elite functions as an alien and toxic element in society, whose demands and prerogatives are incompatible with and destructive of the needs of society as a whole. To state the matter bluntly, the rich have become a real social problem.

The entire existing political set-up in the United States is nothing else but the concentrated expression of this obsolete, reactionary and socially stultifying environment. The entire political establishment inhabits a world that is totally insulated from and unresponsive to the needs and sentiments of the broad masses of people.

None of the problems that confront society can be discussed openly. The mass media, controlled by massive corporations, seek to maintain at all costs the threadbare fiction that the United States is a democratic society, in which all citizens enjoy equality of opportunity.

The political mechanism that guarantees the uncompromising defense of the interests of the rich, that protects the financial-corporate oligarchy from any challenge to its prerogatives, and which effectively leaves the broad mass of the working population without any independent political voice is the two-party system of Democrats and Republicans.

How is it possible to explain the fact that the massive popular opposition to the war in Iraq finds absolutely no serious expression within the political establishment? In fact, the more the popular opposition to the war grows, the more intransigent the political establishment becomes in its insistence that the war must continue and be expanded.

No struggle against the war and for a change in the direction of social policy within the United States is possible without the destruction of the two-party dictatorship and the creation of a genuinely independent, socialist political movement of the working class.

The experience of the Socialist Equality Party in recent weeks had shed important light on the parlous condition of democracy in the United States. Any "third party" that attempts to obtain ballot status and challenge the hegemony of the two-party oligarchy immediately confronts a mass of procedural obstacles whose sole purpose is to protect the Democrats and Republicans from facing political opposition.

Even after a "third party" gathers the thousands of signatures required by law to achieve ballot status, it is confronted with innumerable cynical and bad-faith legal challenges whose sole purpose is to deprive the people of any alternative to the two parties of the ruling oligarchy.

The struggle that the SEP has been compelled to wage in Illinois' 52nd District is a paradigmatic expression of the repressive and utterly anti-democratic character of the political set-up. Thousands of residents—a substantial percentage of registered voters in the district—signed petitions to place the SEP candidate, Joe Parnarauskis, on the ballot. And yet, the Democratic Party has spent tens of thousands of dollars in legal fees to keep the candidate off the ballot. And now, even after every objection made by the Democrats has been shown to be without any legal substance, its operatives are simply refusing to certify the SEP candidate and allow his name to be placed on the ballot.

If this is what is done to prevent an independent candidacy in a contest for a single small state Senate seat, imagine the reaction to the development of a mass political movement that threatened even more directly the interests of the ruling elite!

By its own actions the ruling elite is proving that no progressive change in either the domestic or foreign policy of the United States—that is, no measure that threatens the wealth and global interests of American capitalism—is possible without revolutionary struggle.

In conclusion, let us sum up as concisely as possible the situation that exists five years after 9/11. The drive by American imperialism to employ the pretext provided by the events of that day to expand its quest for global hegemony has encountered unexpected resistance and difficulties. The failure to conquer and pacify Iraq has undermined the image of American military invincibility. The hegemonic project of American imperialism now appears far more problematic than it did five years ago.

However, the American ruling elite does not consider a retreat from its global aspirations to be a viable option. The logic of imperialism forces the United States to prepare for new and more violent interventions—first against Iran, later against China, and whatever other country or group of countries might threaten American dominance.

But the "wars of the 21st century" promised by Bush must inevitably deepen the social contradictions within the United States and generate ever greater levels of popular opposition and struggle. The mood of popular discontent and anger that is already discernible will broaden and intensify. The inter-related issues of social conditions and inequality, democratic rights and imperialist war will become increasingly unified in popular consciousness.

The protracted period of political stagnation is drawing to a close. A new and tumultuous period of social and political struggle within the

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United States is rapidly approaching. This is the perspective that will animate the work of the Socialist Equality Party during the fall election campaign that is now getting under way.

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