

THE LEADERSHIP

CRISIS

OF THE US RULING CLASS

By Ron Tabor



Beginning in December 2007, the United States entered into one of the deepest economic crises—now dubbed the Great Recession—in its history. Hidden behind this crisis, however, has been another one few people recognize. This is the leadership crisis of the US ruling class—the tiny stratum of rich and powerful people who, under the facade of our “democracy,” actually run the country. Today, this elite is facing dire conditions, yet it is almost completely paralyzed. The leadership crisis has several facets.

CRISIS OF CONSCIOUSNESS

Perhaps most important is a crisis of consciousness: The ruling class has yet to grasp just how serious the situation facing the country really is. In the first place, most members of the elite tend to see it almost exclusively in economic terms: put simply, in September–October 2008, the US suffered a financial panic that turned what looked like an average recession into the worst economic downturn since World War II. Even here, only a few members of the ruling class understand how severe the crisis was, how far back its roots go, and how much damage it has done and will continue to do to the US economy. But even fewer realize that the crisis facing the country is far more than an economic one; it is also a political, social, and cultural one. There are some glimmerings of understanding of this, but for the most part, the ruling class—including, if not particularly—its political leadership, is asleep at the wheel.

The recent downturn signals the end of the position of overwhelming global dominance that the United States enjoyed since the end of World War II. Prior to the recession, some members of the elite did perceive that the power of the United States on the international stage had eroded. Indeed, the military adventures, particularly in Iraq and Afghanistan, of the administration of George W. Bush were motivated in part by just this perception, along with the belief that the real cause of this decline was a lack of will, an unwillingness, motivated by liberal and legalistic scruples, of the country to assert itself in the international arena. There now exists some sense among members of the ruling class that the recent recession, coupled with the far more robust growth of the Asian (primarily, the Chinese and Indian) economies, has had a serious impact on the

ability of the United States to project its power internationally. Thus, there has been some discussion of the possibility of the United States sinking to the position of a second-rate power. But there is little realization of how far in that direction the United States has already gone. If, as I expect, the US economy experiences relatively tepid economic growth in the coming few years, and if, as most economists expect, the Chinese and Indian economies regain their explosive pre-recession rates of expansion, the decline of the United States toward second-rate status will become far more than a possibility. Perhaps the only consolation, if it is one, is the current economic/political crisis now confronting the European community, which will most likely result in a decline in European power and prestige that even greater than what the United States may experience.

The same lack of awareness extends to the United States’ domestic life. The country has many longstanding and dire problems that are in crying need of being addressed, yet, judging from the proposals being put forward to deal with



them, there is no clear recognition of how perilous they are. The law passed by Congress and signed by President Barack Obama this past spring that purports to deal with the country’s broken healthcare system is an example of this. It fails almost completely to confront the blatant problems with the system: that millions of people are unin-

sured, that healthcare costs continue to rise at an alarming rate, that people are being forced to liquidate their life savings and go deeply into debt in desperate attempts to tend to their medical needs, that the insurance companies, which recently reported record profits, treat their clients in the most callous manner conceivable, that medical malpractice and malpractice suits abound, and that, after all this, indices of popular health in the United States rank near the bottom of the industrialized nations. The new law is, at best, a stopgap measure that may lead to insurance coverage for some of the currently uninsured but only at the expense of exorbitant premiums and government subsidies to be paid for by those workers and middle class people who already have coverage, while guaranteeing the insurance companies a captive market and enormous profits. Moreover, the only proposals that might have a significant impact on the system—taking the entire sector out of the hands of private enterprise and putting it into those of either the government (the so-called “single payer” plan) or (my preference) locally run, doctor/patient-managed, non-profit cooperatives—were not even under discussion.

more transparent, the legislation will not prevent another financial meltdown somewhere down the road. In like manner, the proposals being put forward by the Obama administration to deal with the problems of the country’s failing public school system (including tying teachers’ evaluations and salaries to students’ test scores, undercutting job security—including firing the entire staffs of so-called “failing schools”—and breaking the teachers’ unions) will almost certainly make a bad situation worse.

And what about the nation’s decaying infrastructure, immigration, the unconscionably high rates of unemployment, the dispossession of millions of people from their homes, the un-funded liabilities of Social Security and Medicare, and, not least, the environment? While billions of taxpayer dollars have been thrown at the banks and automobile companies to contain the financial crisis, and while billions more are being funneled to the armed forces in unbelievably expensive military operations overseas, the amounts being considered to deal with these other problems, when they are being considered at all, are minuscule.

Of course, a great deal of the reticence to putting forward proposals that actually address the crucial issues stems from the fact such measures might wind up encroaching on that most sacred principle of the capitalist class—private property. Moreover, such proposals would be extremely expensive, and none of the mainstream political and economic leaders has a clue about where the funds would come from. The federal government is already running record deficits and levels of indebtedness, while state and local governments are near bankruptcy and cutting budgets, employees, and services at breakneck speed. The only ways to raise money for the required projects (and to cut the enormous budget deficits) that are under serious consideration are (1) raising taxes, or (2) cutting government programs, and both will have a negative impact on the still-fragile economic recovery. If the government raises taxes on the big corporations and banks (and none of our nation’s leaders or leading economists is proposing this), this will cut into profits, hinder new productive investment, and prevent the hiring of presently unemployed workers. Raising taxes on small businesses, in fact, the main source of new hiring and new technology in the



Much the same can be said about the bill about to be passed by Congress designed to fix the nation’s financial system. While some of the proposals contained in the legislation will most likely help consumers and make some of the arcane financial maneuvers of the big banks somewhat

economy, will have a similar dampening effect. Unwilling to raise taxes significantly on the rich (themselves), they are left with some combination of increasing taxes on the middle and working classes and slashing government programs, both of which would reduce the purchasing power of the already overextended “consumer” and thus hamper the economy from that direction. The one place where money is available is the huge military budget, and there had been no significant figure in the ruling class who has proposed touching this. In the announcement of President Obama’s selection of a non-partisan commission to look into cutting the federal government’s budget deficit, it was touted that “everything will be on the table” for consideration. But you can bet on at least one thing—that seriously cutting the military budget will not be there.

A truly far-sighted political leadership would recognize that drastically downsizing the “defense” budget and shrinking the country’s military commitments would be in the ruling class’s long-term interest—regardless of the short- and medium-term loss of international power and prestige. (Comparable to the British Empire after World War II, US imperialism is greatly overextended, and the attempt to maintain its informal empire when the economic resources to do so are lacking is already taking its toll, a toll that will become increasingly burdensome in the future.) Equally if not more important, the money released from the military budget could then be used to foment green technologies, promote the conversion of US industry to environmentally-friendly practices, and rebuild the country’s infrastructure, all of which, taken together, might well stimulate a long-term capital spending boom and a broad-based economic expansion. But a leadership that both sees the need for such a step and has the political guts to wage a fight for it is lacking.

CRISIS OF THEORY

Part of the reason for the lack of understanding of the extent and depth of the crisis facing the country is a crisis of theory, particularly economic theory. Throughout the past decade, bourgeois economics has failed miserably. Most obviously, the vast majority of the bourgeois economists in the country did not see the recent crisis coming.

There were some who understood that some kind of recession was in the offing, but very, very few realized that something was seriously amiss that would make the coming downturn more than just a garden variety recession. Equally important, nobody listened to them, largely because there was little in mainstream economic theory that justified their alarmist views. Even now, the econo-



mists are still trying to figure out exactly what happened, and only a handful of them have any clear notion of what lies in store for the nation.

The problems with bourgeois economic theory are many. One of them is that it rests on a series of banal, completely empty abstractions. To start with, concrete human beings, with our flawed intellects, our volatile emotions, our differing cultural and religious backgrounds, and our competing interests and values, are reduced simply to “economic man,” who always seeks to maximize his economic interest, has a clear understanding of the choices available to him, and makes rational decisions based on this. The broader (and much more complicated) social, cultural, and psychological reality is ignored or downplayed; all people, regardless of social class and the other specific characteristics that define us, are assumed to fundamentally act the same way economically. The other side of this ridiculous idea is the equally absurd belief that all economically active entities, from unorganized workers to giant corporate entities, have the same fundamental economic relation to

each other, through the market. Read through any economics textbook and you will come across this contention: all of us—workers, farmers, small businesses, middle-sized and giant corporations, banks—relate to each other equally through the market, as buyers and sellers of commodities. We sell our commodities and receive money in return: workers receive wages, which is payment for their labor, farmers receive



money for the agricultural products they sell; businesses, small and large, receive profits in exchange for the products they make, and banks earn interest, which is payment for the money they lend others. Everybody is equal, everyone is, economically speaking, the same. The fact that some of these “economic entities” are isolated individuals with little or no power while others are humongous entities that wield tremendous clout (both on the market and with the government), that some of us walk away from the market with the same amount of wealth we had before we sold our goods (or less), while others end up with more (a lot more), is conveniently slid over. Moreover, according to bourgeois economic theory, markets are almost always (that is, aside from short-term fluctuations) perfect: in the long-run and on balance, market exchanges are fair, and if left to itself, “the market” brings about the most efficient allocation of a society’s economic resources.

The apologetic nature of this theory is obvious. All economically active individuals are equal, there is no exploita-

tion (nobody gets rich at the expense of anybody else), everything is just, everything works out for the best. Not least, this theory implies, our current capitalist economy is based on and reflects human nature, hence the deduction that it is eternal and cannot be fundamentally changed. (Not surprisingly, this mythical economic world is a copy of the fantastic world of bourgeois political theory in which we are all equal citizens of a democracy, in which political “pluralism” prevents any one social group or stratum from dominating the others. In other words, there is no ruling class.)

Built as it is on such vacuous notions, bourgeois economic theory provides no meaningful conception of modern society as a whole. It cannot explain the relation between economics and social and political life (nor, more narrowly, between the economy and the state). It provides very little insight into history, even economic history. And it provides almost no understanding of economic crises. For, if markets are always efficient and rational distributors of economic resources (they are always in “equilibrium”), what causes these periodic stoppages of the system? Why do they occur when they do? Why are some downturns mild while others (such as the one we recently experienced) are crippling? Bourgeois economics has no answers to these questions; it offers no commonly agreed-upon explanation of the business cycle (the fact that economic growth occurs in periodic waves); nor does it have any unified theory of recessions and depressions. In fact, according to it, there shouldn’t be any crises at all. All that bourgeois theory gives us in this realm are empirical descriptions of specific economic events, superficial analyses of the relation between certain economic variables, and a few “rule of thumb” techniques for manipulating the economy in the short run.

Beyond all this, the foundation of classical (bourgeois) economic theory is a theory of value that gives no insight into what anything is really worth, how much it actually costs society (and the Earth) to produce. Without going into details, it is sufficient to note that in capitalist economics, value is subjective: the value of any given commodity, or class of commodities, is determined by subjective evaluation on the part of potential purchasers of these commodi-

ties. This is just the other side of the belief that markets are always (or almost always) rational and efficient; aside from (very temporary) aberrations, the prices products are sold for represent their actual values. It should be clear that, based on this theory, there can be no adequate evaluation of the state of any given sector of the economy or of the economy as a whole. Take the housing market. With the benefit of hindsight, we now know that prior to the financial panic of September-October 2008, home prices were greatly inflated, that is, were way above what the homes were actually worth and were far greater than what many home buyers could afford. This was papered over by a vast expansion of mortgage debt in which the supposed value (in fact, the prices) of the homes was the collateral behind the loans. But during the bubble, there was, based on classical economic theory, almost no way of seeing this. If prices reflected the true values of the houses being bought and sold (because this is what people were willing to pay for them), then how could one discern that the homes were overvalued? This is why so few economists saw the collapse coming. Prior to the crisis, say from 2005-2007, it appeared as if the economy was going great: everybody was making money, millions of people were buying houses, and the rest of us were being pressured to do likewise, since buying a house was, we were told, a good investment. The only way it was possible to tell that something was amiss was to compare home prices with the prices of commodities produced in other sectors of the economy and to recognize that home prices were out of line, much higher than their historical averages. But only a handful of bourgeois economists noticed this (or thought it was significant), and none of the other economists, let alone our business and political “leaders,” paid any attention to them.

The only challenge to bourgeois economic theory over the last 150 years that has had any credence within the economics profession as a whole (I am excluding Marxist analyses here) is the theory of the British economist, John Maynard Keynes. And even Keynesianism accepts the fundamental definitions and axioms of mainstream economic theory. It merely attempts to assimilate to these the palpable facts of the Great Depression of the 1930s. In contrast to prior, “classical,” economic theory, which insisted that the market, if left to itself, would allow the economy to

reach equilibrium at full employment (leaving aside “frictional unemployment,” that is, a relatively small number of people out of work because they are looking for, and will soon find, jobs), Keynes argued that there are certain circumstances under which the economy would find itself in



equilibrium at less than full employment, in other words, with substantial and long-term unemployment. He saw this situation as resulting from “insufficient effective demand”—not enough people with both the money and the desire to buy commodities on the market—without seeking further explanation. If and when the economy slides into this situation, Keynes insisted, it is the responsibility of the government to provide a boost to the system by stoking this demand through increasing government spending and cutting taxes, with the government going into deficit (paying out more than it takes in) if it has to.

Keynesianism was the dominant variant of bourgeois economics for 35 years after World War II. All the top economists, particularly those involved in formulating government policy, were Keynesians. During this time, however, there was an undercurrent of opposition, primarily based in such academic institutions as the University of Chicago, under the leadership of Milton Friedman and others. They argued for a return to “pure” classical economic theory and based their explanations of such market malfunctions as depressions and recessions on errors in monetary policy, in

how the money supply is manipulated by the central banking authorities, such as the Federal Reserve Bank. They argued, in a nutshell, that speculative bubbles and the resulting crises, and recessions in general, were caused by monetary authorities being too expansive in monetary pol-



icy during economic upturns. If, on the contrary, the central banks kept a careful rein on the supply of money, letting it increase only very slowly, the economy would steadily expand and there would be no economic crises. These “free-market” conservatives also insisted that, on the whole, government regulation, another part of the Keynesians’ arsenal, did more harm than good. In short, these pundits claimed, if the market and industry were left to themselves, everything would be fine.

This argument received a significant boost during the 1970s when the US economy experienced “stagflation” (a combination of economic stagnation and inflation), which was perceived to be the result of 25 years of Keynesian policy. And it became the mainstream economic ideology of the US ruling class during the Reagan presidency and in succeeding administrations, Republican and Democrat alike. Today, under the impact of the recent crisis, this orthodoxy has come under attack, and several key figures among the “free-market” economists have jumped ship and announced that they are now Keynesians. But, as I have suggested, even Keynesianism, based as it is on the classical

assumptions about “economic man” and the market and a corresponding inability to formulate a realistic conception of how the economy is structured and how it actually works, does not, and cannot, offer a serious solution to the problems of bourgeois economics. Moreover, the proponents of economic orthodoxy—those who are more concerned about the budget deficit than the possibility of the economy slipping back into recession—seem to be gaining the upper hand, particularly in Europe, but also in the United States.

As a result of all this, the ruling class hardly knows what has hit it and what’s likely to happen down the road. They are pathetically feeling their way in the dark, somewhat like the proverbial blind men and the elephant.

POLITICAL CRISIS

Not surprising given all the above, the ruling class is now in profound political disarray. This is apparent in the paralysis facing the federal government: as we all know, the country is a mess, but what has the federal government done to address its problems? Aside from throwing billions of dollars at the biggest banks and financial institutions to prevent the US (and global) economy from going over a cliff and providing some more billions in the so-called stimulus bill, it really hasn’t done very much. The reasons for this are several.

First, the economic elite—the chief executives of the biggest industrial, media, and financial institutions, and their largest individual shareholders, that is, the capitalist class, narrowly speaking—is not unified. There is no consensus among them about what has happened to the economy and what needs to be done. At the height of the crisis, when the chairman of the Federal Reserve Bank Ben Bernanke, then-Secretary of the Treasury Henry Paulson, and then-head of the New York Federal Reserve Bank (and current Secretary of the Treasury) Timothy Geithner hastily cobbled together the bailout of the big banks and financial institutions, the business class was, very briefly, united. They all agreed that the bailout (and the subsequent rescue of General Motors and Chrysler) was necessary. But beyond that and since then, they have not reached an agreement about what

should be done. In fact, they are now overwhelmingly concerned with protecting their own narrow interests vis-à-vis other sectors of the capitalist class and hoping that the political elite can take care of the rest. In the absence of such a consensus among the business elite to push the politicians, the federal government has been virtually immobile.

Second, President Barack Obama, for all his inspiring rhetoric, has provided little leadership, either to the ruling class or to the country as a whole. In his first year in office, he spent an unbelievable amount of time and squandered an enormous amount of political capital on ...what? Healthcare?! And, as I mentioned, for all the labor invested, the new law will make hardly a dent in the problems of our miserable healthcare system. Elected with what amounted to a mandate, and with millions of people believing him to be the Messiah, Obama could have brought huge numbers of people into the streets in support of some serious—that is, radical—measures to change US society in the interests of the vast majority of the people. But, as should be obvious now, he never intended any such thing. A mass mobilization could easily get out of control and threaten the economic, social, and political interests of the ruling class whose loyal stooge he is. (Quite predictably, he has also broken most—all?—of his campaign promises: the US facility in Guantanamo Bay has not been closed; “extraordinary rendition” has not been repudiated, “Don’t Ask, Don’t Tell” has not been rescinded; the war in Iraq is still going on and the administration is hedging about its promised withdrawal date; there has been no substantial push toward a new—green—energy policy; raids on factories and deportation of undocumented immigrants are up, etc., etc.) His campaign slogan—“Are you ready for change”—now seems like a pathetic joke. The evolution of Obama’s position on the environment is emblematic. The man who some had hoped would be the “environmental president” is now promulgating offshore drilling, clean coal (does it exist?) and nuclear power! We’ll see whether the catastrophic oil spill in the Gulf of Mexico and the two explosions in coal mines in West Virginia and Kentucky change his mind. Don’t count on it. Historically, the most capable and insightful leaders of the US capitalist class, such as Abraham Lincoln and Franklin D. Roosevelt, had the foresight to push through significant reforms against the will of the capitalist class itself, often relying on mass

movements to do so. In contrast, Barack Obama can do no better than to capitulate to the capitalists’ current (not very high) level of consciousness.

With both the economic elite and President Obama forfeiting leadership, the political system has become even more sensitive to the emotions of the voters—and to opportunistic politicians pandering to them—than it usually is. The electorate is polarized, frightened, and very confused. The right wing of the political spectrum is panic-struck, convinced that President Barack Obama is a closet Communist (and Moslem) who is bent on destroying America, socializing the economy, and turning the country over to Blacks, Latinos, and homosexuals. On the other side, the liberals, more demoralized than anything else, keep waiting for their knight in shining armor to rescue them, hoping that Obama will turn into the radical leader they thought they had voted for, and scared to death of even thinking about organizing against him. In this situation, the politicians are more concerned with positioning themselves for the midterm elections in November than they are in addressing the problems facing the nation.



Insofar as there is a serious discussion going on within the ruling class, it is over the precise extent of government intervention in the economy, with, in general, liberals argu-

ing for more intervention, conservatives for less. The problem is that there is no way to determine the precise amount of state involvement that is optimal for the economy at any given point in time. It cannot be defined theoretically or ideologically, which is usually how the debate is framed. Historically, it has been revealed that too little government intervention leaves the economy prone to its natural “boom and bust” pattern, often leading to financial panics and deep economic downturns. Too much government intervention, on the other hand, results in long-term stagnation, characterized by slow economic growth, smothering tax rates, and high unemployment. In fact, the optimal level of government intervention can only be decided pragmatically, through trial and error, in reaction to the actual workings of the economy.

TIME FOR A CHANGE

It should be clear by now that the US ruling class is unfit to lead the country. Economically clueless, politically inept, and morally bankrupt (too arrogant and too stupid to even think of hiding its monstrous greed), the elite has played



out its historic role. Isn't it time we got rid of it? President Obama, in justifying the callous firing of the entire faculty of Central High School in Providence, Rhode Island, pompously pronounced, “There has to be some accounta-

bility.” I agree, but let's start at the top. Let's fire all the political and economic leaders of the country. In fact, let's get rid of the entire ruling class. But clearly, this class is only a small part of the problem. Much more important is a social-economic system that gives rise to such an elite, sustains its power, and causes periodic economic crises, such as the one we've been experiencing. The fundamental problem is a system in which a tiny handful of people own and control most of the wealth and have all the power, a system under which economic activities only occur if they generate profits for investors, a system under which the ruling few get rich at the expense of the many, a system which only appears healthy when it is expanding at a rapid rate (and plundering the environment as it does so). That this is the reality is shown by the fact that the only way for the system to claw its way out of its current crisis is by squeezing the vast majority of people, lowering our living standards in an attempt to increase the profits of the big corporations and banks, and continuing to pollute the land, the water, and the air.

What we need now, more than ever, is a radical transformation of the United States, a mass revolution, to create a truly democratic, cooperative, and egalitarian society, a society actually run by and for the people. What is necessary is the drastic devolution of power away from the rich and powerful and toward the vast majority. This would amount to a real democratization of the country, instead of the sham democracy, the corrupt political system that mostly serves as a smokescreen for the rule of the rich, that we now have.

Unfortunately, such a transformation seems far away. Even the dream of it—even the vision of a mass revolutionary movement of any kind—appears to have died. In the 19th century, the great radical theorists, the socialists and anarchists, believed that the working people—workers and peasants—would eventually rise up against a brutal, corrupt, and unjust social system, in order to liberate themselves and establish true human freedom. While internationally (most noteworthy in Greece, where there exists a mass anarchist movement), the working class and other oppressed classes are mobilizing, in the United States, a radical workers' movement is virtually non-existent. The working class has

few organizations, and those it has, such as the labor unions, are dominated by bureaucrats who have been in a coma for several decades as their own social base has been eroded beneath them. Having pinned their hopes on making deals with corporate leaders and supporting the Democratic Party for so long, they have no inkling of mobilizing the workers to fight for their interests. This is true even of the many socialists and other radicals who entered the unions years ago and have now risen to positions of local, regional, and even national leadership.

Yet, there are signs that things are starting to happen. In particular, there are considerable numbers of workers and other middle class and lower class people who are looking for answers. They realize that they have no future in our society as it is now set up, and are open to, or have already accepted, the notion of a revolutionary transformation of society.

In this situation, it is the job of anarchists and other anti-authoritarian radicals to reach out to these people, to bring them into and to build a mass, working class anarchist movement. And for the first time in many decades, this is now possible. As we do this, anarchists need to make prominent what in the old socialist movement used to be called the “maximal program.” This is the explicit demand to overthrow the existing social system, the corrupt and crisis-ridden system of capitalism, and to replace it with a new, revolutionary one, radically democratic, cooperative, egalitarian. As a crucial part of this, anarchists need to emphasize that the way forward does not involve supporting one or another faction of the ruling class, but, on the contrary, explicitly counterposing a revolutionary program to all sections of the capitalist class. This means explaining to people that the liberals, including and in particular President Barack Obama, are not our allies; they are our enemies. Insofar as these capitalist liberals want change, they only seek it to protect the system as it is, not to radically alter (let alone to overthrow) it. And it means explaining that the entire capitalist electoral system is a dead-end, a trap that works to prevent the emergence of a radical alternative to the current system. What is needed is not mobilizing in support of one or another corrupt, lying capitalist politician or political party, but a campaign of direct

action—including demonstrations, sit-ins, and mass strikes—to fight for our needs and our ultimate goal.

In short, whatever else they are doing, anarchists have a key task—to raise the banner of a revolutionary libertarian transformation of society: Spread the word about the possibility of another way of doing things, an alternative way of running the country and the world.