



From The Wilderness

A Nonpartisan Non-sectarian MAP for the Here That Is, Into the Tomorrow of Our Own Making

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GOVERNMENT, FINANCIAL, AND POLITICAL AWARENESS OF PEAK OIL PRIOR TO 2005

FIVE RULES FOR SURVIVAL OF THE COMING COLLAPSE

(A Speech for the New York Petrocollapse Conference – October 5, 2005)

by
Michael C. Ruppert

October 5, 2005 (FTW) – NEW YORK -- **M**ost people who have come to this conference; indeed, perhaps even some of the presenters here today, have come with a serious misconception. That misconception is a belief that there is an urgent need to somehow make key decision makers and leaders of American and global life aware of the immediate problems of Peak Oil and Natural Gas.

Nothing could be more off base. The world's key decision makers have been aware of and planning for this crisis for years.

In fact, by understanding clearly that political, economic and business elites have been aware of Peak Oil and its deadly implications, we can see that remedial actions designed to save lives and minimize the effects of collapse can and will only be initiated by individuals working through and as part of local communities.

There is a record – much too long to describe fully here – that official awareness of Peak Oil and its implications has been a distinct and well-articulated part of US political and economic thinking going back at least to 1977. I will give you just a few brief examples to make the point. Many of these examples are included in my book *Crossing the Rubicon: The Decline of the American Empire at the End of the Age of Oil* (New Society, 2004). If you listen closely to these few examples you will understand that even though the term Peak Oil is rarely mentioned, it is exactly what is being described.

In the same vein, it is foolish to believe that any governmental preparation for Peak Oil will be publicly labeled as such. Most preparations, so as to avoid panic and/or political risk, have been carefully concealed in other documents and legislation such as the PATRIOT Act and the Homeland Security Act. In my earlier presentation and throughout the day today, it should be growing clear to you that official preparations for Peak Oil have been underway for some time. And – as I document in *Rubicon* – they include the attacks of September 11th, 2001 and all US government foreign policy initiatives since then.

(cont'd on page 5)

From the Wilderness

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TOTAL HEALTH TYRANNY

The Year's Biggest Story No One is Talking About

- **Forced vaccinations and forced drugging already legal when "state of emergency" called**
- **New legislation would leave no accountability if forced administration kills**
- **Deadly AIG anthrax vaccine may already be stockpiled for emergency use**
- **Jerome Hauer leaves HHS: where, oh where will he turn up?**
- **Bird flu scare – But has the virus been isolated? Regardless, Rumsfeld set to profit**

By
Michael Kane

November 2, 2005 1430 PST (FTW): **S**ince 9/11 the Bush Administration has been consistently eroding citizens' rights to choose what treatments we put into our bloodstreams. If the *Biodefense and Pandemic Vaccine and Drug Development Act of 2005* becomes law, that erosion of health freedom will be entering its final stage.

The Homeland Security Act of 2002 gives the Secretary of Health and Human Services (HHS) the right to authorize mandatory vaccinations and drugging once a state of emergency is implemented. This new act will exempt pharmaceutical companies from any liability for death or injury as long as their drug or vaccine has been designated as a "countermeasure."¹

UPI has just reported that an experimental – and seemingly deadly – anthrax vaccine being tested by both the Centers for Disease Control (CDC) and HHS may have already been added to the Strategic National Stockpile (SNS) for emergency use.² If this new law is enacted, the controversial AIG (anthrax immune globulin) vaccine could be labeled as a "countermeasure," giving its manufacturer impunity if it is deployed from the SNS. Unfortunately, such a scenario would not be the first time an anthrax vaccine caused injury and death to humans.³

FTW recommends everyone read the [UPI report](#) thoroughly

and carefully.

Some contenders for the coveted “countermeasure” title would include the anti-viral drug Tamiflu, [BioPort’s despicable anthrax vaccine](#), VaxGen’s “next generation” anthrax vaccine, the ABthrax anthrax drug⁴, multiple smallpox vaccines, and Cipro, to name a few.

If a “countermeasure” kills or injures people, the victims and their families will have no legal recourse in the courts. If the proposed act becomes law, the injured parties will have to plead their case to the Secretary of HHS. He alone determines whether any compensation might be warranted.

But there is a gigantic catch.

It must be proven that not only is the pharmaceutical company in question guilty of wrongdoing, but that they did so willfully. So if it is deemed an accident, a mistake, or incompetence that caused death or injury, there is no liability whatsoever. It is almost impossible to prove a pharmaceutical manufacturer willfully caused harm through their product, especially once the process is removed from the legal system and placed in the Whitehouse. This “accountability” clause has been added for the Senate to save face even though it does not protect citizens’ rights and is effectively useless.

If the legislation is passed, it will set up the Biomedical Advanced Research and Development Agency (BARDA). This agency will operate secretly, exempt from the Freedom of Information Act. BARDA is the marriage of Big Pharma and Big Government, with the happy couple reigning side by side as they determine which drugs and vaccines will be anointed as “countermeasures.”

Biowarfare expert Jerome Hauer, who was named as a “person of interest” in the crimes of 9/11 by Michael Ruppert in [Crossing the Rubicon](#), has just left his position as assistant secretary for Public Health Emergency Preparedness at HHS. *FTW* believes he is likely preparing to become a member of BARDA. The legislation that will create BARDA is on fast track in the Senate, and there is no individual in the country more “qualified” to be a member of this agency if, or when, it is created.⁵

BARDA eliminates what the industry calls the “valley of death” in biomedical research. According to Mary M. Shaffrey writing in *JournalNow.com*, the term refers to the gap between the point when companies have found potential medicines and vaccines for such diseases as smallpox or anthrax, but before they are ready to be verified in clinical trials.⁶

So does this mean *we are the guinea pigs now?* Shaffrey writes:

One key aspect of the bill is that the government will cover the liability risk for companies that manufacture drugs for use in a bioterror attack. **Because the testing for these countermeasures will be limited, it will be unclear whether they are 100 percent effective until they are needed after an attack.**⁷

It is also unclear how many deaths and injuries each “countermeasure” will cause. They continue:

Over the course of the typical 10-year period from a drug’s conception to full government approval, a company can expect to make billions off a single drug, and that’s before it’s sold on the wide scale.⁸

[www.Legitgov.org](#) is asking people to [write and call the Senators supporting this bill](#) to voice our disdain of their actions. It is a righteous call, but don’t hold your breath. The Senate is Big Pharma’s best friend, and while everyone is thoroughly distracted by the fact that the Bush Administration is finally in hot water, this bill is all but certain to become law. The indictment of Lewis “Scooter” Libby, Dick Cheney’s former Chief of Staff, is blinding everyone to the fact that Big Pharma is about to have its deepest, darkest dream come true – immunity from lawsuits. And those in the Senate who are actually criticizing the bill are only doing so from the standpoint that it does not address the bird flu “epidemic” with more fervor.

BIRD FLU

Obviously this legislation is related to the current media flurry surrounding H5N1 avian flu. But the facts are being intentionally muddled by the World Health Organization (WHO) and other interests who clearly have an ulterior agenda.

This “epidemic” of bird flu has killed a mere 67 people throughout the world since 1997, while other flu strains kill 40,000 people a year in this country alone. Bird flu exists, and it could indeed mutate toward a pandemic-inducing level of infectivity in humans. But it appears that the virus has yet to be properly isolated.

Thus far H5N1 (bird flu) has only been “isolated” through PCR — polymerase chain reaction — a powerful analytic technique whose inventor, [Kary Mullis](#), was awarded the Nobel Prize in 1993. Dr. Mullis has been unwavering in his position that PCR *cannot be used to properly and accurately isolate a virus*. Only isolation through purification is considered the gold standard in virology.⁹

FTW interviewed medical researchers and microbiologists and found that thus far, no scientific papers have been published showing that H5N1 has been properly isolated through purification in any of the 67 human deaths attributed to bird flu. Only PCR has been used. If anyone can show this statement to be incorrect, please do so immediately by providing citations to the scientific paper(s) showing H5N1 has been isolated through purification.

Assuming such scientific documentation doesn’t exist (as it appears not to), just what is going on?

The WHO is forcing the pieces to fit into a pre-determined puzzle – an alternative agenda. The 67 deaths supposedly caused by bird flu need to be thoroughly examined and the virus itself needs to be isolated via purification before any discussion of treatment can begin. But this is not the intent of the WHO, the U.S. Government, or Big Pharma.

Here are some key examples of governmental and financial concern about Peak Oil.

1977 – The Central Intelligence Agency

In March of 1977 the Central Intelligence Agency produced a Secret briefing paper entitled "The Impending Soviet Oil Crisis". It is one of about five CIA reports that have since been declassified which mention Peak Oil by name and which came to my attention about two years ago. My newsletter "From The Wilderness" published an analysis of the CIA report by Peak Oil educator and author, Professor Richard Heinberg in which it was shown that the CIA had a clear understanding of Peak Oil nearly thirty years ago.

The CIA paper said in part:

"The Soviet oil industry is in trouble. Soviet oil production will soon peak, possibly as early as next year and certainly not later than the early 1980s..."

The Soviet Union, of course did not peak in the 1980s. Current flat-earth economists sometimes argue this point as a rebuttal to Peak Oil activists to prove that they are wrong. What happened however had nothing to do with geology and everything to do with political dirty tricks. Starting in the late 70s the United States encouraged OPEC nations in the Middle East to relax production quotas which could only be accomplished if they somehow managed to double, triple or even quadruple their stated reserves. OPEC production quotas are linked to "booked" reserves. So, with the stroke of a pen -- and very much like Saudi Arabia's comical announcement last week that its reserves had just again magically doubled -- every Gulf producer announced bountiful reserves, crashed the wellhead price of a barrel of oil, and forced the Soviets, who couldn't produce oil as cheaply -- out of the market. Every producer except one, that is. Dubai left its stated reserves as they were. So the maneuver was exposed as a mere accounting trick. OPEC production exploded and oil prices collapsed below a level where the Soviets could compete. Soviet foreign exchange sales plummeted, the Soviet economy tanked and Soviet production and infrastructure collapsed. By 1989 the Soviet Union was finished and its oil infrastructure lay in ruins.

Since the 1990s as oil prices have soared, Russia has become the second largest oil exporter after Saudi Arabia. Yet even their official press organs and reports today confirm that Russian production is now near a second well-understood and final peak. Published stories this year state that Russian production will go into irreversible decline sometime between 2006 and 2010 and that Russia will cease exporting oil.

Eighteen major exporting nations or regions including the North Sea, Mexico, Norway and Indonesia are showing steep and ever-increasing decline rates.

Later, the same CIA report acknowledged that US domestic production had peaked and entered irreversible decline in 1970. If the CIA knew it was a problem for the US and the Soviet Union, they knew it was a problem that would ultimately face the whole world.

In November 1999, then CEO of Halliburton, Richard Cheney, gave a speech to the London Petroleum Institute. In that speech he said:

"We as an industry have had to deal with the pesky problem that once you find oil and pump it out of the ground you've got to turn around and find more or go out of business.... Every year you've got to find and develop reserves equal to your output just to stand still, just to stay even. This is true for companies as well in the broader economic sense as it is for the world. A new-merged company like Exxon-Mobil will have to secure over a billion and a half barrels of new oil equivalent reserves every year just to replace existing production

"...For the world as a whole, oil companies are expected to keep finding and developing enough oil to offset our 71 million-plus barrel a day of oil depletion [today it's 84 million], but also to meet new demand. By some estimates there will be an average of two percent annual growth in global oil demand over the years ahead along with conservatively a three percent natural decline in production from existing reserves. That means by 2010 we will need on the order of an additional 50 million barrels a day... So where is the oil going to come from?

"For most companies the majority of their profits come from core areas... but many of these core areas are now mature... Some of the oil being developed in new areas is obviously very high cost and low margin....

"...Larger companies tend to have the highest credit ratings and therefore the lowest borrowing costs, but they also tend to have higher multiples in the stock market. The share price premium becomes a valuable currency for takeovers..."

"... Energy is truly fundamental to the world's economy. The Gulf War was a reflection of that reality... It is the basic, fundamental building block of the world's economy..."

"Well, the end of the oil era is not here yet, but changes are afoot, and the industry must be ready to adapt to the new century and to the transformations that lie ahead..."

APRIL 2001 THE COUNCIL ON FOREIGN RELATIONS

In April 2001, just a month before Vice President Richard Cheney's National Energy Policy Development Group (NEPDG) which had been meeting in secret since January of that year, released its own public report, the Council on Foreign Relations, arguably home to the most influential policy makers and economic interests in the world, released its own energy report. Some of its admissions, even in comparison to damning ones from Cheney's public NEPDG report, were rather stark admissions that the scope and seriousness of Peak Oil were well understood long before any public evidence of peak started to appear.

That report, titled "Strategic Energy Policy Challenges for the 21st Century: Report of an Independent Task Force Sponsored by the James A. Baker III Institute and the CFR" included the following observations:

"Strong economic growth across the globe and new global de-

mands for more energy have meant the end of sustained surplus capacity in hydrocarbon fuels and the beginning of capacity limitations. In fact, the world is currently precariously close to utilizing all of its available global oil production capacity, raising the chances of an oil supply crisis with more substantial consequences than seen in three decades.

“These choices will affect other US policy objectives: US policy toward the Middle East; US policy toward the former Soviet Union and China; the fight against international terrorism. Meanwhile, across much of the developing world, energy infrastructure is being severely tested by the expanding material demands of a growing middle class, especially in the high growth, high-population economies of Asia.

“As demand growth collided with supply and capacity limits at the end of the last century, prices rose across the energy spectrum at home and abroad...”

Ladies and gentlemen, that is a near-perfect description of what Peak Oil is and how it is now playing out on the world scene. The CFR report also included a line which has been almost an economic mantra since the Second World War.

“... Oil price spikes since the 1940s have always been followed by a recession.”

Since we have now witnessed the largest oil price spikes in history over the last four years, including a more than 100% jump in the wellhead price of oil in just the last three years, we should reasonably be on the brink of a recession, shouldn't we? Today we are – especially in the wake of Hurricanes Katrina and Rita – within mere weeks on an economic collapse that may well surpass the one which began with the stock market crash of 1929 and from which there will be no recovery. These devastating hurricanes are not separate from Peak Oil and do not explain it away. They are instead revealing Peak Oil in all of its deadly significance. The hurricanes are deadly catalysts which have pushed US and planetary collapse into overdrive and given it momentum that will be impossible to recover from. There won't be enough energy available to rebuild the energy infrastructure, let alone make up for what has been lost.

There will be no coming back for a US economy which – as of today – has more than 90% of its Gulf oil production and more than 65% of its Gulf natural gas production shut in. News reports – conveniently ignored on the nightly news – have confirmed that as far as infrastructure is concerned Rita and Katrina are unparalleled disasters that would, under normal circumstances, require a decade and hundred of billions of now non-existent dollars to recover from. Before the storms hit, the world was producing oil at maximum capacity and still falling short of global demand. There has not been a single discovery of a 500 million barrel field for two years in a world that uses a billion barrels every 11 ½ days and discoveries have been in steep decline since the mid-1960s.

MAY 2001 – THE NATIONAL ENERGY POLICY DEVELOPMENT GROUP

This secret task force, which fought all the way to the Supreme Court to keep its records and deliberations secret from the public, is for me the place where the deepest darkest secrets of both the September 11th attacks and government's awareness of Peak Oil lie buried. The task force convened just as the first 20 out of 25 wells drilled in the Caspian Basin came up dry holes. In

“Crossing the Rubicon” I discuss the meager seven pages of NEPDG records released after lawsuits which confirm the group's obsession, not with oil discovery, conservation (economic stagnation) or energy substitutes, but with where the known oil was, who owned it and apparently who had to be dealt with to get it.

The public report of the NEPDG told us, just four months before the 9/11 attacks:

“ America in the year 2001 faces the most serious energy shortage since the oil embargoes of the 1970s.

“Estimates indicate that over the next 20 years, US oil consumption will increase by 33 percent, natural gas consumption by well over 50 percent, and demand for electricity will rise by 45 percent.

“ US energy consumption is expected to increase by about 32 percent by 2020. Between 2000 and 2020, US natural gas demand is projected by the Energy Information Administration to increase by more than 50 percent. Yet we produce 39 percent less oil today than we did in 1970, leaving us ever more reliant on foreign suppliers. On our present course, America 20 years from now will import nearly two of every three barrels of oil — a condition of increased dependency on foreign powers that do not always have America's interests at heart.”

February 2005 – SAIC Report of Robert Hirsch

Science Applications International Corporation is one of the most elite military and intelligence technology companies in the world. It controls a significant part of the Internet and is one of the core companies in the field of data mining technology used by the US government to spy on potential enemies – us. In 2004 the US government commissioned SAIC to look at Peak Oil and to recommend various strategies for dealing with it. That report – published this summer – revealed some the immediacy of the pending collapse. While refusing to take a position as to when actual peak would occur, the report -- PEAKING OF WORLD OIL PRODUCTION: IMPACTS, MITIGATION, & RISK MANAGEMENT – made the picture pretty clear.

“Waiting until world oil production peaks before taking crash program action leaves the world with a significant liquid fuel deficit for more than two decades...”

“...If mitigation were to be too little, too late, world supply/demand balance will be achieved through massive demand destruction (shortages), which would translate to significant economic hardship...”

Ladies and gentlemen, there is a plan to deal with Peak Oil. It has been formulated for some time and it is being carried out right in front of our very eyes this minute. It contains none of the aspects you would like to see or hope to initiate but it is irreversible, etched in stone, and nothing is going to deter it. While I have met with Congressman Roscoe Bartlett of Maryland and while I applaud his singular and sincere efforts on the subject I hold no optimism that he will have any influence on public policy. He is truly a good man, I believe. But one member of the House of Representatives who chairs no relevant committees and who does not enjoy the total support of either his party's leadership or the White House can do little except educate and warn the public. We cannot look to Mr. Bartlett, however good his intentions, to solve anything for us.

We are witnessing government response to Peak Oil now. In my earlier presentation I have made it clear that that response will include only measures which protect the financial elites and major corporations. They include:

1. Rationing;
2. More Coal and Nuclear – Emphasis on Fisher-Tropsch Coal-to-Liquids Conversion;
3. Suspended Environmental and Drilling Restrictions;
4. Protection of Critical Infrastructure;
5. Strengthening and Reinforcing Domestic Military Operations – Suspension of Posse Comitatus;
6. Suspension and Relaxation of Labor and Minimum Wage Laws;
7. Changing and Tightening the Bankruptcy Laws Allowing Fewer Distressed Consumers to Discharge Debts;
8. Allowing and Facilitating Population Reduction through Famine and Disease;
9. Strengthening and Giving More Power to FEMA;
10. Destroying Demand Through Economic Collapse and Allocating Scarce Resources – by Force if Necessary – to Protect the Interests of the Wealthiest Communities and Interests in the Country.

Accordingly, I have developed five rules which should be used as a guide for all who understand Peak Oil, who appreciate both its imminence and significance, and who wish to do something to increase their chances for survival as our long emergency now begins:

1. There is no combination of alternative energy sources anywhere that will enable current consumption and growth to continue.
2. Even if there were, it takes 30 years and lots of capital investment to change an energy infrastructure. Peak Oil is here now. The current infrastructure will not be rebuilt or even well maintained. The return on that investment for the financial elites is “uncertain” and they will not spend any more than they have to on band aid solutions until the crash becomes apparent.
3. No government entity (federal or state) will do (or be able to do) anything to solve Peak Oil and energy shortages. The political system is utterly and irretrievably broken.
4. Until you change the way money works, you change nothing. It will be more profitable to let decline, starvation, wars, disease and famine occur than it will be to prevent them (Disaster Capitalism).
5. All real solutions will be place-based, local and originate at the grass roots, independent of government. What saves you and your family will be determined by what and who is in your own neighborhood and what kind of cooperation has been achieved there.

These are stark and harsh words, I realize. But for many years now I and “From The Wilderness” have had an uncanny record – around 80% -- of accurately predicting future trends and events. We are today just weeks away from one of the largest economic crashes to ever hit the United States. It is a crash that has actually been encouraged for some time through reckless fiscal policy, soaring deficits both in Washington and in our balance of payments accounts, the unbridled and inexcusable inflation of the housing bubble, expansion of consumer credit and a negative net savings rate to name a few.

It is in this way that massive demand destruction will be achieved to maintain a degree of broader global stability as Peak Oil begins to claim casualties as it already has in Zimbabwe and Indonesia.

With the United States consisting of 5% of the world's population consuming 25% of the world's energy output, it has been clear for some time that America was the only profligate spender which mattered and which needed to be “adjusted” before broader global desperation measures could be implemented.

With all of the sincerity and fervor I have; with every ounce of credibility I have established over these many long years of activism and painstakingly documented research, I urge all of you to take these warnings seriously and to take action now. Understand that the only productive efforts you can make are to look at your own lives and your own communities and to start taking the actions that will expand your options and increase your support bases there.

Because I assure you that there is no one in Washington capable, and no one on Wall Street with even the slightest bit of concern, about how you will come out of this, except as a crippled vehicle – perhaps a bankrupt indentured servant – to maintain an economic paradigm that demands infinite growth and the sacrifice of everything that is human and good to achieve it, even human life itself. Even with as little time as now remains before reality hits, there are steps you can take, and which you can determine for yourself, which may make a difference in how you fare through this. But the only way to begin that process is to understand that no one, except perhaps your neighbors and your family, is going to do anything to help you and that this, has been the real plan for many, many years.

Thank you.



"Peak Oil - Imposed By Nature" (DVD) Produced/Directed by Armund Prestegard

Featuring interviews with Colin Campbell, Mathew Simmons, FTW's Mike Ruppert, and Chris Skrebowski, *Peak Oil - Imposed by Nature* is one of the first films on the subject to clearly and succinctly address economic and geological issues.

With a running time of 28:30 this is a broadcast-ready product. The version offered by FTW also includes an additional 18 ½ minutes of interviews with Campbell, Simmons and other key figures.

"Armund Prestegard makes watching information on a scary subject a treat. This is the perfect way to expose someone to Peak Oil for the first time."

This is the first motion picture quality film about Peak Oil! Succinctly exposes the viewer to the issues of Peak Oil.

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[Disasters like Katrina present a thick layer of horror that makes it difficult to analyze them. But Stan Goff, who has seen his share of such things, perceives beyond the hurricane's material impact an unfolding dynamic of state-failure. No longer able to arbitrate disputes among competing factions of the ruling class, the state has lost its autonomy. And as the general public reels from the infernal privatization of disaster response, the state is losing its legitimacy. When both are gone, the mythology that keeps the flag waving may explode in a terrific intensification that will mark its permanent failure.]

"The US state finds itself captured by a clique that completely fails to see how they are undermining the state's ability to act autonomously – confusing that with the ability of the executive branch to act with impunity." –JAH]

Exterminism and the World in the Wake of Katrina

By

Stan Goff

PART ONE OF FOUR

Helicobacter pylori.

Hardly part of our daily discourse, is it? But all of us have given and received the popular wisdom, "Stop worrying. You're going to give yourself ulcers." Even though Australian pathologists Barry Marshall and Robin Warren have just won the Nobel Prize in medicine for their discovery (20 years ago!) that ulcers are not caused by stress at all, but by a bacterium with the Latinate name at the beginning of this commentary.

Not only does the popular belief persist that ulcers are brought about by "stress," the medical community itself resisted this discovery for years. Entire medical protocols, as well as entire lines of symptom-amelioration pharmaceuticals and commercialized stress-management schemes, had been developed and deployed based on this false belief. The stress ulcer proved to be no more valid than the Medieval European certainty about "humors" or the persistent New Age confidence in astrology.

The *Helicobacter* discovery process is interesting because it was an accident. Marshall was tired before Easter weekend in 1982. He forgot to wash out a Petri dish at the lab. When he came back, a colony of *Helicobacter pylori* had grown out. Marshall and Warren gazed at the critter long enough to imprint its microscopic morphology into their own neural pathways, and then noticed that the same curly creature was present every time they studied inflamed gastric tissue.

Two morals to this story are (1) that our most treasured and erroneous beliefs are often based on unexamined and widely-accepted premises and (2) that the law of unintended consequences can be our friend if we retain a healthy skepticism about our premises and prepare to follow-up on new information.

For me, the most significant lesson here is that we need new lan-

guage if we are to think about things in new ways. The categories, symbols, and meanings extolled in our usual chatter don't just structure what we DO know. They structure what we CAN know.

So a blissful monk might fight off this little bacterium without a moment's inconvenience, but the most beleaguered anxiety patient (say, Robert MacNamara's wife) will not get an ulcer without it. Stress management cannot treat ulcers effectively. That didn't stop anyone from treating ulcers ineffectively for decades.

The reverberations from Hurricane Katrina (and Rita in its wake) are too numerous to know or name. Identifying some of the illusions about this so-called aftermath, however, and applying unfamiliar ways of understanding it, will put us on ground high enough to see over the puerile nonsense we hear from the oral formulaic news models of CNN, MSNBC, and Fox.

Ulcers are better understood when we learn to say *Helicobacter pylori*. The Aftermath is better understood when we learn to say "exterminism."

Exterminism

I live in Raleigh, North Carolina. This is not a constant. Raleigh is a transient political boundary. So is North Carolina. Three years ago, I lived inside another political boundary – Wake County, but outside Raleigh. I did not move inside the boundary of Raleigh; it moved over me. We were "annexed."

Seven years ago, when I first moved to where I live now, I lived in a neighborhood surrounded by a deciduous forest. My oldest son and I used to walk in the woods past our cul-de-sac, and there was a stream there. One day, we sat quietly long enough for a beaver and two of her kittens to come paddling up that stream, whereupon they disappeared into a den that we hadn't noticed before. Throughout the woods, there were orange plastic ribbons tied onto the trees. They marked future streets for future subdivisions and for commercial lots.

Raleigh needs to increase tax revenue to promote "growth," and it has to "grow" to increase tax revenue. The annexation happened on schedule. The trees were toppled, the soil graded into flat terraces by giant diesel-powered machines, and last year I was driving down a new road near the stream, where I saw a dead beaver – run over by a car.

Now we have an industrial park, a monster strip mall, a Super Wal-Mart, and hundreds of new Masonite houses with vegetation purchased from the Lowes' and Home Depot's Garden Departments. There are orange plastic ribbons tied to the trees that remain in the shrinking ribbons of forest that were bypassed by the bulldozers.

When I first moved here, I saw another curious thing. A worm die-off. For several weeks one late Spring, as I strolled on the asphalt walking trail in my neighborhood and along the concrete sidewalks, thousands and thousands of earthworms emerged after each rain and crawled out onto the sidewalks in writhing masses, where they would be picked off by gluttonous robins or left to shrivel and harden into curly fries under the next sun. Rain frequently drives worms aboveground for the robins, but the scale of this was different. I suspect a landscaping chemical, but I can't know for sure.

Just weeks ago, my younger son, Jeremy, observed a hit and run

that knocked a young doe off the road. He called me on his cell phone, distressed because the deer was alive with two obviously broken legs, lying in a ditch completely conscious and terrified. I drove out to where he was and put his and the deer's minds at ease the only way I knew how – I shot her in the head with a .22 target pistol. She died instantly. The shot must have nicked the spinal cord because her neck momentarily convulsed around as if she were trying to reach up into a thicket for a morsel before she convulsed and lay still.

Compared to those who drowned in their own homes during Hurricane Katrina, this little doe actually had a merciful death. The shock of the car hitting her, fifteen minutes of pain and fear, then the relief of death. We don't have the willingness to think about what it is like to die slowly, trapped in a sweltering attic with putrid floodwaters climbing at us. We don't know how to think about this misery and terror... times millions. But such is the world.

Katrina exposed us to images of misery and fear – unique to us, just as 9-11 was – that are experienced by millions, by hundreds of millions of *people* every day. Much of the world routinely lives in conditions as dire as Katrina's deadly wake.

Internalities and Externalities

"Progress," or "growth" chews threw the world like a feral pig – just as it chewed through the forest around my house. No one intentionally killed the deer or the beaver. Their deaths were simply a by-product... a statistical probability... the collateral damage of a social system reproducing itself.

Extermination is this process writ large – writ worldwide. Extermination is the final stage of imperialism.

We cannot know the true meanings of Katrina in the familiar language of the Imperium; and we cannot link Katrina to either ecocide or the seemingly maniacal devotion of the neocons to the Iraqi bloodbath by simply comparing the costs of Katrina and the costs of the war. This goes well beyond shopkeeper logic.

Ecocide – a terrifying danger often ignored on the left and the right – permanent war, and the malignant neglect of Katrina's victims, are intimately and structurally related.

"Extermination" was first coined – as close as I can determine from cursory research – by Edward Thompson in 1980, in an essay for *New Left Review* called "Notes on exterminism, the last stage of civilization."

Extermination, according to Thompson, describes "those characteristics of a society - expressed, in differing degrees, within its economy, its polity and its ideology – which thrust it in a direction whose outcome must be the extermination of multitudes."

Must be... as in "inevitable within the system."

It is, in other words, the tacit or open acceptance of the *necessity* for mass exterminations or die-offs (*often beginning with mass displacements*) as the price for continued accumulation and the political dominance of a ruling class.

"Shock and Awe" doctrine is an expression of exterminism. Refusal to intervene in the AIDS crisis in Sub-Saharan Africa is equally an expression of exterminism.

Extermination is not totally, or even most often, characterized by offensive action against whole populations, but frequently accomplished by calculated neglect – the instruments of which are poverty, disease, malnutrition, and "natural" disasters... and frequently facilitated by economic isolation and the mass displacement of populations.

Imperialism is not merely the oppression and control of nation by nation. It is a system of inter-dependency in a very specific form – of *capitalism*. There is no ideal and universal form of capitalism but only transient forms, bounded by changing *externalities* and driven by changing *internalities*. Today's form is both imperial and exterminist. It requires the plunder of nation by nation, and it necessitates mass displacement, mass neglect, and eventual death as part of its inexorable logic.

This is what we saw on a relatively small scale, even if we did not know it, with the spectacle of people starving and dehydrated on flood-besieged rooftops while a smiling George W. Bush cut a birthday cake for a smiling John McCain. This is what we don't see – because it is not displayed in our cultural production – in the wasting away of tens of millions with HIV-AIDS in Africa.

In fact, many in the US – whether they will say it aloud or not – find this African die-off perfectly acceptable.

The externalities include resource limitations and the laws of thermodynamics, and are dramatically determined by how we consume of fossil hydrocarbons. The internalities include the tendencies within the capital accumulation regime – the tendency of population to grow as part of the expansion of capital; the tendency of the rate of profit to fall; and the twin-tendencies of expanding technological mass and urbanization.

The results of interaction between externalities and internalities can be seen from Tal Afar, Iraq to New Orleans, Louisiana. War and neglect are two faces of exterminism.

The Big Not-So-Easy

The Port of New Orleans is central to the world's busiest port complex – the Lower Mississippi River. It is at the terminus of 14,500-mile inland waterway system for the export transshipment of steel, grain, containers, and manufactured goods. It is the only deepwater port in the US connecting to six class one railheads. It is also the import point for most of the nation's imported steel, natural rubber, plywood, tropical produce, and coffee. In the last 10 years, contrary to the pure free-market ideology, the government has invested almost half a billion dollars in this facility to "externalize" (i.e., socialize) the costs of the corporations who reap the profits passing through this port.

This "externalizing" is not the same as an externality. It means that public funds are provided to capitalist enterprises via critical infrastructure, research, and development, to ensure their expansion and profitability.

Externalities, on the other hand, refers to the material world and its processes outside the direct gaze of economic activity. The quantity and disposition of the earth's remaining oil is an externality. The social process that determines how it is extracted, refined, and sold constitutes an internality.

The interactions between externality and internality can be measured in numerous ways – from steel shortages, to fishing harvests, to oil production, to climate-change weather patterns... the

list of indices is very long.

In January 2004, business journals were abuzz with the news that steel prices had risen 66% in six months because of a global shortage. Externally, it doesn't take a rocket scientist, as they say, to understand that iron is a finite resource. Internally, demand for steel was on a rocket-like rise based on the rapid industrialization of China, and less so but significantly India, and the continued demand from industrial metropolises like the United States.

It must also be noted, and not incidentally, that the mining and smelting and forging of steel depend on tremendous inputs of fossil hydrocarbons – steel for cars, steel for ships, steel for corporate office buildings, steel for weapons. In the aggregate, it is not overstating the case to say that the world is in the early stages of a steel famine.

As the resources are depleted, the strongest will lay claim to the remainder and let the rest shrivel and die if necessary. Exterminism has a seagull ethic.

Hydrocarbon-powered super trawlers, the direct outcome of capitalist competition in the fishing industry, have laid waste to the world's fisheries, exploiting two-thirds of them beyond their capacity, toppling coral reefs with their drag nets, and wrecked entire ecosystems by killing "by-catch" – non-saleable sea life that is simply thrown overboard.

By-catch is environmental exterminism. There is also human "by-catch." It might be called Africanization. Kill everything. Take what you want. Throw the rest overboard. In the "reconstruction" of New Orleans, who will be the by-catch?

Coastal development, agricultural runoff (mostly petrochemicals), and the percolation of heavy metals, PCBs, and other toxins, have killed plant life and contaminated fish. Galveston Bay, which Hurricane Rita barely missed, has already lost over 90% of its sea grass from pollution. The coastal wetlands that are critical to ocean habitats are being destroyed at a rate of 20,000 acres a year.

The levees in and around New Orleans were originally built to keep the port clear of silt. This worked, but the problem then became the build-up of silt on the high-water side of the levees, which required periodic additions to the tops of the levees, weakening the overall structures.

John McFee, writing for the *New Yorker* ("Atchafalaya") on September 12, 2005, noted:

"You put five feet on and three feet sink," a Corps engineer remarked to me one day. This is especially true of the levees that frame the Atchafalaya swamp, so the Corps has given up trying to fight the subsidence there with earth movers alone, and has built concrete floodwalls along the tops of the levees, causing the largest river swamp in North America to appear to be the world's largest prison. It keeps in not only water, of course, but silt. Gradually, the swamp elevations are building up. The people of Acadi-

ana say that the swamp would be the safest place in which to seek refuge in a major flood, because the swamp is higher than the land outside the levees.

As sediments slide down the continental slope and the river is prevented from building a proper lobe – as the delta plain subsides and is not replenished – erosion eats into the coastal marshes, and quantities of Louisiana steadily disappear. The net loss is over fifty square miles a year. In the middle of the nineteenth century, a fort was built about a thousand feet from a salt-water bay east of New Orleans. The fort is now collapsing into the bay. In a hundred years, Louisiana as a whole has decreased by a million acres. Plaquemines Parish is coming to pieces like old rotted cloth. A hundred years hence, there will in all likelihood be no Plaquemines Parish, no Terrebonne Parish. Such losses are being accelerated by access canals to the sites of oil and gas wells. After the canals are dredged, their width increases on its own, and they erode the region from the inside. A typical three-hundred-foot oil-and-gas canal will be six hundred feet wide in five years. There are in Louisiana ten thousand miles of canals. In the nineteen-fifties, after Louisiana had been made nervous by the St. Lawrence Seaway, the Corps of Engineers built the Mississippi River-Gulf Outlet, a shipping canal that saves forty miles by traversing marsh country straight from New Orleans to the Gulf. The canal is known as Mr. Go, and shipping has largely ignored it. Mr. Go, having eroded laterally for twenty-five years, is as much as three times its original width. It has devastated twenty-four thousand acres of wetlands, replacing them with open water. A mile of marsh will reduce a coastal-storm-surge wave by about one inch. Where fifty miles of marsh are gone, fifty inches of additional water will inevitably surge. The Corps has been obliged to deal with this fact by completing the ring of levees around New Orleans, thus creating New Avignon, a walled medieval city accessed by an interstate that jumps over the walls.

"The coast is sinking out of sight," Oliver Houck has said. "We've reversed Mother Nature." Hurricanes greatly advance the coastal erosion process, tearing up landscape made weak by the confinement of the river. The threat of destruction from the south is even greater than the threat from the north.

Exterminism does not recognize the precautionary principle.

Sow the Wind and Reap the Whirlwind

By all economically disinterested accounts, two major events are now coinciding that combine externality and internality: Peak Oil and global warming. The accelerated burning of fossil hydrocarbons to fuel capitalist expansion has expanded humanity itself to almost 7 billions souls and parked us at a tunnel on the top of a mountain – the Hubbert Peak of oil

extraction – and in the process, released enough of the carbon that was captured inside the earth to abruptly (in geological time) raise the average temperature of the earth's atmosphere. On the other side of this tunnel, the only direction is down, and the road is very, very rough.

In the wake of Katrina and the damage it inflicted on US oil platforms and refineries, Saudi Arabia – the world's largest oil patch – reluctantly announced that it could not increase production sufficiently to offset the losses. This is the third time in the last two years that Saudi Arabia has made excuses for not raising production. Matthew Simmons, energy investor and author of *Twilight in the Desert – The Coming Saudi Oil Shock and the World Economy* – who actually served on Cheney's energy panel (but who is now the equivalent of Benedict Arnold... or Joseph Wilson) – has been warning that Saudi production projections (which Hubbert advocates said would push Saudi's peak production past 2012) are inflated, and that Saudi Arabia itself may have already peaked... meaning that the world has passed its Hubbert Peak and will go into permanent decline in the face of increasing demand from the US, India, and China, and in the face of Western Europe's near total dependency on oil imports. This is externality and internality pressing in contrary directions like the two faces of the San Andreas Fault.

For a “dematerialized” economy, the United States certainly needs a lot of that material oil. We have allowed market forces (the valorization of capital under competitive pressure) to design our entire society in ways that trap thousands inside New Orleans during a storm, and will trap millions in the unsustainable suburbs of the not-too-distant future. Our whole society is now developed around the private automobile – the colossal stupidity of which will astonish future historians for centuries.

Joel Kovel, author of *The Enemy of Nature*, calls the United States “Automobilia.” In the same book, he publishes an interesting list of figures.

In 1972, when Earth Day was first declared, the earth was home to around 250 million automobiles. That number now is around 800 million. In the same period, oil extraction has gone from 46 million barrels a day to around 80 million; natural gas extraction from 34 trillion cubic feet per year to 95 trillion; coal extraction from 2.2 billion metric tons annually to 3.8 billion; air traffic has multiplied by six, tree harvesting (the cutting down of carbon buffers and oxygen producers) has more than doubled (destroying approximately half the remaining forests of the world); fish harvests doubled; 40% of agricultural soil was degraded; half the wetlands were destroyed; half of the coastal areas in the US were declared unfit for swimming or fishing; the hole in the atmospheric ozone over Antarctica opened to half the size of the continental United States; almost 8 billion tons of pollutants are now released annually in the US (disproportionately onto the communities of African Americans, Latinos, and Native Americans); and not surprisingly annual carbon emissions into the atmosphere have increased from 3.9 million metric tons to 6.4 million.

In that same period, the average temperature of the earth's atmosphere rose one degree Fahrenheit. That doesn't sound like much, since we see fluctuations of one degree in our personal lives every few minutes. But what this degree has done is begin melting the permafrost, melting the iconic snowcap on Mount Kilimanjaro, raising the temperature of the oceans... the effects have been well documented. Here we will talk about only one

effect. The increased water temperature and slight elevation in sea level that fed energy into and ramped up the landfall of Hurricane Katrina.

From the Geophysical Fluid Dynamics Laboratory at Princeton University:

The strongest hurricanes in the present climate may be upstaged by even more intense hurricanes over the next century as the earth's climate is warmed by increasing levels of greenhouse gases in the atmosphere. Although we cannot say at present whether more or fewer hurricanes will occur in the future with global warming, the hurricanes that do occur near the end of the 21st century are expected to be stronger and have significantly more intense rainfall than under present day climate conditions. This expectation is based on an anticipated enhancement of energy available to the storms due to higher tropical sea surface temperatures.

In this steady accumulation of contradictory forces, external and internal, the Almighty Market – with its field of vision no longer than the next business cycle (or even the next online trade) – fuels the inertia of this runaway train and produces the dog-eat-dog evacuation plan that strands the flooded poor atop their roofs or dying in their attics.

We don't normally put these emergencies together with the documentation of 112 marine species extinctions since the 1700's and 16 marine extinctions since 1972. To do that we have to look at what is in that water, at what has happened to it, and at how the Market determines that those people on the roofs are mere “by-catch.”

This is the essence of exterminism – which accepts massive displacements and die-offs of human beings *and of whole sections of the biosphere*. It is the recognition by the ruling class that there are now too few “resources” (note how this term removes these things from the web of life) to support the valorization of capital through “development” of all human society, and the deliberate decision to sacrifice as many as are necessary to perpetuate that class' power. The biosphere is collateral damage.

The philosophy of exterminism is *après moi, le deluge* (“after me, the flood”). This declaration of aristocratic nihilism – allegedly uttered by Louis XV – seems particularly fitting in the wake of the US state's response to post-Katrina New Orleans. It is – as Jeffrey St. Clair calls it in *Grand Theft Pentagon* – “capitalism's last utopia.” Exterminism, in fact, marks a nihilist utopia. This is not a general utopia wrought by capitalism, as it turns out, but a kind of financial-military bacchanalia before the end, which is – as the graffiti said in the biological-apocalypse film, *28 Days Later* – “extremely fucking nigh.” This utopia is the utopia of the few, perched in their redoubt, surrounded by the furious unwashed in the final days... an *après moi, le deluge* variety of utopia in which the rich devour everything then let future generations suffer “the flood.”

[END PART ONE OF FOUR]

Exterminism and the World in the Wake of Katrina

By
Stan Goff

PART TWO OF FOUR

The Loop

Many have forgotten – if they ever knew – that this region of Louisiana was not known just for jazz and crawfish *etouffée*. It was also referred to as “Cancer Alley,” a toxic corridor between Baton Rouge and New Orleans – peopled by the mostly-Black poor who worked for the giant petrochemical industries along Interstate 10. The region has been a battleground for the environmental justice movement – one that combines its environmentalism with a powerful critique of poverty and racism.

Exterminism not only makes toxic waste, it treats subjugated nations themselves as toxic waste dumps. Import the good stuff, export the bad stuff.

When Hurricane Katrina leapt ashore, past the destroyed barrier islands and decimated wetlands, it took this toxic effluvia, along with the accumulated poison of the Mississippi Valley’s nitrosaminic industrial agriculture folded into the levee-bound silt, and redistributed it across the entire transformed landscape.

These dangers will have to be mitigated, and soon, because “the Loop,” or Louisiana Offshore Oil Port, has been severely damaged. Toxins or no toxins, this port is the only one in the United States that is designed to accept the great oil supertankers from the Persian Gulf.

“While the bringing to market of a few tens of millions of barrels of stored oil and gasoline may temporarily calm speculators and thus prevent dramatic price spikes,” writes Richard Heinberg [*The Party’s Over: Oil, War and the Fate of Industrial Societies* (New Society, 2003) and *Powerdown: Options and Actions for a Post-Carbon World* (New Society, 2004)],

it cannot balance the global supply-and-demand equation for more than a few weeks (the world uses 84 million barrels of oil each day, after all). And once these stores are gone, few nations will have any cushion in the event of other supply threats. Hence Katrina may mark the beginning of the inevitable unraveling of the petroleum-based industrial world system.

The United States is the center of that system. Think of New Orleans and the Gulf Coast as a gaping wound in the national body. Organisms need a steady flow of energy in order to maintain their ordered existence; a wound is like an intrusion of entropy within the system. When wounded, the body essentially takes energy away from other parts of itself to restore order at the site of injury.

In ordinary times, nations as “organisms” do this very well. But in this case the timing is bad, as energy is scarce anyway (the wound was incurred at the onset of what will soon become a global energy famine); the nation has already been hemorrhaging materiel and trained personnel in Iraq for three years; and the site of the wound couldn’t be worse: it is in the part of the national body through which much of its energy enters (the region is home to half the nation’s refining capacity and almost 30% of production). Thus it seems likely that the available energy may not be sufficient to overcome the entropy that has been introduced; rather than being contained and eliminated, disorder may fester and spread.

New Orleans will be rebuilt. It must be: the nation needs a port at the mouth of the Mississippi, and the port needs a city to support and service it. It is one of the few US cities with character and charm, and people will desperately want to return to their homes. The only event likely to prevent rebuilding would be another strong hurricane hitting Louisiana later this season. However, rebuilding will proceed in the context of a national economy that is crippled and perhaps mortally wounded, and a global complex system of production and trade that is starting to lose its battle against entropy.

Whether Heinberg’s prognostications turn out to be as cataclysmic as he suspects (they may), there is little doubt that the US production and refinement capacity have been dealt a serious blow at a critical time. The government and the industry are tight-lipped about the damage wrought by the combination of Katrina and Rita, but the (inadequate) release of emergency reserves from around the world to temporarily staunch the post-Katrina hemorrhage is an ominous sign.

Just as the Bush administration waived the Davis-Bacon Act to pay post-Katrina reconstruction workers below the prevailing wage, it will work to ensure a vast pool of under-employed and unemployed to accept below-par wages and exposure to the toxic stew of the LOOP to repair it. Poor workers and Black workers and Latino/a workers will be welcome for this task, even as the land speculators move in to the condemned properties of New Orleans in order to gentrify it into a Disneyized African American cultural theme park – too expensive for many of its former residents to live there.

In Houston, after homeless storm victims were transported to the Astrodome, the military recruiters moved in. They are having trouble getting volunteers. So they pick through the net, take what they can, and forget about the by-catch.

The main contract to rebuild the Port, which is classified as a Naval facility, was given to Halliburton. Halliburton is one of the top three contractors to receive no-bid contracts. Another contractor is Bechtel, closely associated with Republican heavyweight and former Secretary of State George Schultz. Halliburton and its subsidiary Kellogg, Brown, and Root, have been represented by lobbyist Joe Allbaugh, Bush’s former campaign manager and the former head of the Federal Emergency Management Agency (FEMA), who also represented the Shaw Group – another winner in the Katrina Reconstruction Sweepstakes. Finally, the biggest contract was awarded to AshBritt, represented by lobbyist and former Mississippi Governor and Bush confidante, Haley Barbour.

Given their exemption from paying prevailing wages under the waiver of Davis-Bacon, and the huge new pool of desperate labor in the region, they stand to make a killing.

(As this is written, public pressure from the scandalous nature of these contracts is set to reverse this situation and re-open bidding.)

Cronyism and something called “unequal exchange” are both characteristics of late imperialism and determining factors of exterminism. And they both make rulers brutally stupid. They also make subjects brutally mad.

Autonomy and Legitimacy

In stable, productive capitalist economies, the state has one overarching objective. It is the ruling class’s umpire, pretending to be society’s umpire.

The capitalist state is owned and operated by the capitalist class. Under conditions of stability and productivity, it represents capital-in-general. This often means that it has to suppress or even eliminate certain fractions of capital – whose range of view is limited by its own business cycle – in order to ensure continued power by the class as a whole.

In the classic Brando film *Burn*, based loosely on the history of Haiti, the colonial military commander orders an entire island colony set ablaze, including its lucrative sugar plantations, in order to crush a Black proletarian rebellion. One of the island’s capitalists pleadingly objects that the commander has wiped out the island’s profits. The commander then explains that the destruction of the island is necessary to send the message to other workers on the rest of the colonized islands, and that this “pacification” is required to ensure profits for all, not just over the next business cycle, but for the next decade.

A short story of capital and the state: The New Deal involved quite a lot of suppression of capital, and even semi-socialist programs, to ensure social order for capital in the long term. This so angered some capitalists that they attempted to organize a *coup d’etat* against Franklin Roosevelt’s administration in 1934, which was uncloaked by former Marine Commandant Smedley Butler – the most decorated Marine in the United States. Butler was transformed into an anti-imperialist, a process that began when he saw poverty-stricken WWI veterans descend on Washington DC in the legendary “Bonus March.” President Hoover broke up the “Hooverville” camp of the “Bonus Army” on the DC mall by sending tanks under the command of Eisenhower, Patton, and MacArthur against the vets, killing three people, including an infant. Butler then published his famous *War is a Racket*, a powerful anti-imperialist tract to this very day.

To further describe the capitalist state, we have to put it in the context of a world system – now thoroughly integrated under so-called globalization – in which core-capitalist economies require the peripheral nation inputs – acquired not through the valorization of capital as described by Ricardo and Marx, but through chicanery and plunder, through debt leverage, and through unequal wages paid in countries where the reproduction of the labor force is cheaper due to underdevelopment. It is in this core-periphery dynamic that we can unravel more of the threads connecting ecocide, the racially-polarized and highly militarized response to Katrina, and the military disaster in Iraq.

All states in this system are not equal. There is little doubt at this

particular conjuncture that the United States has become a kind of metastasized hyper-state, but aside from sheer military power and the levers of a vast global monetary extortion and loan-sharking scheme, what are some of the characteristics of the US state that differentiate it from other core-capitalist countries and from the various peripheral states?

The answer to this question revolves around legitimacy. It should be glaringly obvious to everyone that the entire police and armed forces of the United States are not even close to capable of controlling the population of the United States if that population were to become – hypothetically – disobedient. Sheer numbers alone would overwhelm these armed bodies, without even taking into consideration that ours is a heavily armed society.

What holds the state together is *legitimacy*. The state – any state – has to enroll a substantial portion of its population as full citizens, objectively enjoying the privileges of citizenship and subjectively identifying with the nation – giving them some stake in the continuation of the system as it is. Even if whole sections of the polity are not full citizens, there must be a critical section of the population that sees its interests – and *privileges* – tied up with that state. Privilege is a crucial concept here.

With privilege goes protection from non-citizens, from feared Others, from outsiders. Even when the state itself promotes the notion of a dangerous Other, and masks plunder of the Other as “self defense,” there is always the possibility that this Other will become a real threat. A humiliated people will seek both self-defense and revenge. A hopeless ghetto is a great place to get mugged. The state creates enemies – real and imagined – to consolidate the dependency and loyalty of its full citizens; but then the state has to ensure protection from these created enemies to retain its legitimacy with those citizens.

Protect us from the Ay-rab terrorists. Protect us from the 16-year-old Black kid we call “superpredator.”

So the effective state must retain two characteristics: autonomy and legitimacy.

Beyond Clausewitz

Mary Kaldor, of the London School of Economics, is a student of war. She subscribes to what I believe is a crackpot theory of “global cosmopolitanism,” but she has written insightfully – if in a fragmentary and eurocentric way – about the evolution of something she calls the “new war.”

“The construction of these public monopolies [states] was... intimately bound up with war against other states,” writes Kaldor in her essay, “Cosmopolitanism and organized violence.”

Inter-state war became the only legitimate form of organised violence and, moreover, was sharply distinguished from peace. In place of more or less continuous warfare, war became a discrete episode that was reserved for use against other states and was excluded from internal relations. Domestic pacification (the elimination of private armies, the reduction of corruption, violent crime, piracy and brigandage), the growth of taxation and public borrowing, the regularisation of armed forces and police forces, the development of nationalist sentiment, were all mutually reinforcing in

wartime. Essentially, the social contract associated with the construction of the nation-state could be said to have taken the following form; civil and political rights were guaranteed in exchange for paying taxes and fighting in wars. The individual rights that citizens enjoyed in peacetime were exchanged for the abrogation of those rights in wartime. In wartime, the citizens became part of a collectivity, the nation, and had to be ready to die for the state. In exchange for individual civil and political rights in peacetime, the citizen accepted a kind of unlimited liability in wartime. Hence, [Norbert] Elias, writing just before the Second World War, feared that the civilising process would be engulfed by the barbarity of war.

Inter-state war is sometimes described as Clausewitzian war. The wars of classical modernity had a kind of extremist logic that is well analysed by Clausewitz. As war became more extreme and terrible, so the social contract was extended, reaching its logical end point during the Cold War period. Essentially, during this period, there were unprecedented gains in economic and social rights. But the risks were also dramatically extended. The price of these gains, during this period, was readiness to risk a nuclear war.

This process was disrupted in the late 1960s and early 1970s by the combined shocks of recession, the Vietnam War, and the OPEC oil embargo. It was during and immediately after this period that the United States began a radical transformation from a productive-economy hegemon into a nation that ruled the world by nuclear threats, loan-sharking to the periphery, and – remarkably – its own debtor status, using dollar hegemony to extort unpayable loans from fellow capitalist core states.

The crisis of capitalism brought with it a crisis of socialism and national liberation, because these projects were always fully contained inside the capitalist world system. The continual assaults on the economies and states of these projects militarized them – resistance became barracks socialism.

Stalin was not a phenomenon of socialism, but of capitalism... the terrible combination of domestic underdevelopment and hostile capitalist encirclement. An entire society was transformed into a military organization to prevent not capitalism – which was not what the West held in store for Russia – but Africanization. Exterminism was met with exterminism.

Mostly in the conduct of WWII, however – more than 25 million killed in the war. The numbers of those executed by Stalin's regime are grotesquely inflated as a form of popular wisdom in the west, with numbers reaching into the tens of millions. The best estimates of those actually executed, which included both purges and ordinary criminal executions – with most killed during the 1937-38 bloodbath [680,692] – are that there were a total of 727,271 executions from 1929 until the start of the war. The grossly inflated and discredited figures generated by Robert Conquest were commissioned by arch-anticommunist William Randolph Hearst to "prove" that communism was worse than Nazism.

The crisis of capitalism was a crisis of the capitalist state, and the socialist states co-existed with them in an inter-STATE political system. Just as the large-scale complexity of the Soviet Union

and China (Cuba is an exception precisely *because* of its small scale) required exposure to international capital, it obliged these states to expose themselves to loss of legitimacy if they were perceived as non-autonomous or incapable of protecting "citizens." The former was exhausted in its attempt to create socialism in one country, and the latter has transformed itself as part of a long-term development strategy into an archipelago of Dickensian sweatshops that are now the envy (and sometimes the province) of western capitalists.

Earlier struggles for state power were planned on a map of the state. But the actual terrain represented on that symbolic map can change. Then we get lost.

During the period under review, the US covert operations establishment – cribbing from the Israeli conquest of Palestine, and its own experience with state-destruction in Africa – began deploying surrogates around the world to dismantle the autonomy of peripheral states who resisted US demands.

Autonomy and legitimacy go hand in hand.

Neoliberalism is in its very essence the antithesis of peripheral state autonomy, even on behalf of these states' national elites. All decisions about future development are circumscribed by the Holy Trinity of neoliberalism – Debt-leverage, Privatization, and Export-economy. National autarky is off the table. In the event that any state attempted to resist this imperial assault on its autonomy – as in Yugoslavia and Iraq – then covert operatives from the CIA to the National Endowment for Democracy begin to destabilize the target state for the purpose of delegitimizing it, followed by the *coup de grace* where necessary of a military strike.

The combination of privatisation and globalisation can give rise to a process, which is almost the reverse of the process through which modern states were constructed. Corruption and clientelism leads to an erosion of the tax revenue base because of declining legitimacy and growing incapacity to collect tax and because of declining investment (both public and private) and, consequently, production. The declining tax revenue leads to growing dependence both on external sources and on private sources, through, for example, rent seeking or criminal activities. Reductions in public expenditure as a result of the shrinking fiscal base as well as pressures from external donors for macro-economic stabilisation and liberalisation (which also may reduce export revenues) further erodes legitimacy. A growing informal economy associated with increased inequalities, unemployment and rural-urban migration, combined with the loss of legitimacy, weakens the rule of law and may lead to the re-emergence of privatised forms of violence - organised crime and the substitution of 'protection' for taxation, vigilantes, private security guards protecting economic facilities, especially international companies, para-military groups associated with particular political factions. In particular, reductions in security expenditure, often encouraged by external donors for the best of motives, may lead to break away groups of redundant soldiers and policemen seeking alternative employment. (Kaldor)

Kaldor partially overlooks the role of the US state in *creating* the conditions for these “new wars,” but she describes what they look like very well. The above description could be Russia, it could be Kosovo, or it could be Afghanistan.

It could also be seen in Blackwater mercenaries invading post-Katrina New Orleans. The United States itself – having pillaged its own accounts for Wall Street and adopted a private-sector-does-it-better ideology – has now begun extensively using mercenaries.

These are the circumstances that give rise to the ‘new wars’. It is the lack of authority of the state, the weakness of representation, the loss of confidence that the state is able or willing to respond to public concerns, the inability and/or unwillingness to regulate the privatisation and informalisation of violence that gives rise to violent conflicts. [*It remains interesting that Kaldor does not mention the US itself in this description – blinded by her extreme euro(American)centrism.*] Moreover, this ‘uncivilising process’, tends to be reinforced by the dynamics of the conflicts, which have the effect of further reordering political, economic and social relationships in a negative spiral of incivility.

I call the conflicts ‘wars’ because of their political character although they could also be described as massive violations of human rights (repression against civilians) and organised crime (violence for private gain). They are about access to state power. They are violent struggles to gain access to or to control the state. As the state becomes privatised, that is to say, it shifts from being the main organisation for societal regulation towards an instrument for the extraction of resources by the ruler and his (and it is almost always ‘his’) privileged networks, so access to state power becomes a matter of inclusion or exclusion, even, in the latter case, of survival.

In the majority of cases, these wars are fought in the name of identity – a claim to power on the basis of labels. These are wars in which political identity is defined in terms of exclusive labels – ethnic, linguistic, or religious – and the wars themselves give meaning to the labels. Labels are mobilised for political purposes; they offer a new sense of security in a context where the political and economic certainties of previous decades have evaporated. They provide a new populist form of communitarian ideology, a way to maintain or capture power, that uses the language and forms of an earlier period. Undoubtedly, these ideologies make use of pre-existing cleavages and the legacies of past wars. It is also the case that the appeal to tradition and the nostalgia for some mythical or semi-mythical history gains strength in the social upheavals associated with the opening up to global pressures. But nevertheless, it is the deliberate manipulation of these sentiments, often assisted by Diaspora funding and techniques and speeded up through the electronic media, that is the immediate cause of conflict.

In these wars, violence is itself a form of political mobilisation. Violence is mainly directed against

civilians and not another army. The aim is to capture territory through political control rather than military success. And political control is maintained through terror, through expulsion or elimination of those who challenge political control, especially those with a different label. Population displacement, massacres, widespread atrocities are not just side effects of war; they are a deliberate strategy for political control [*note Israel*]. The tactic is to sow the ‘fear and hate’ on which exclusive identity claims rest. (Kaldor)

Here is the line connecting the Rwandan massacres, the Israeli occupation of Palestine, and the appeal of Osama bin Laden (who has proven smarter by orders of magnitude than anyone in the Bush administration). And it is the line connecting these instances to their epoch, one of a protracted crisis of capital – a permanent overproduction crisis that forces the acceleration of the plunder against the peripheries, and the desperate preservation of the US as the world’s consumer base – a base dancing on an overhang above a deepening chasm of personal debt – to sop up that overproduction in an orgy of technological bread-and-circuses.

It is not fully fruited yet. The US state still requires the withering fig leaf of spreading democracy to the terrifying dark Ay-rabs to legitimate its attempt to militarily cordon the global oil patch.

But this is the basis of what Chalmers Johnson and others describe as “blowback.” The policies of the US created terrorism for its own purposes, and has inexorably expanded the stateless milieu of (the cipher) al Qaeda in the interstices of the world system now deeply in the grasp of exterminism – the policy and ideology of mass displacement and death. But the “blowback” goes far deeper than Johnson describes.

The ‘new wars’ are no longer discrete in time and space. The various actors –states, remnants of states, para-military groups, liberation movements, etc. – depend on continued violence for both political and economic reasons. Cease-fires and agreements are truces, breathing spaces, which do not address the underlying social relations –the social conditions of war and peace are not much different. The networks of politicians, security forces, legal and illegal trading groups, which are often transnational, constitute a new distorted social formation, which has a tendency to spread through refugees and displaced persons, identity based networks often crossing continents, as well as criminal links. Moreover, the conditions which give rise to the ‘new wars’ and which are exacerbated by them, exist in weaker forms in most urban conglomerations in the world and indeed often have direct links with the most violent regions. (Kaldor)

This doesn’t merely describe the Afghan-Pakistani border. It increasingly describes the US government itself. The US state finds itself captured by a clique that completely fails to see how they are undermining the state’s ability to act autonomously – confusing that with the ability of the executive branch to act with impunity.

[END PART TWO OF FOUR]

Periodically, *FTW* provides hard-copy subscribers with a retrospective of recent comments from the website. These comments are generated by our staff writers and are followed by the titles and URLs of the original news stories. - *FTW*.

1.

[Two weeks ago, just after Katrina wiped out New Orleans, I gave a lengthy interview to Mexico City's largest daily newspaper El Universal. While that story has not run yet, the greatest fear I expressed in the interview has come to pass. It was apparent following Hurricane Katrina (and subsequently Rita) that the coming economic collapse would make the US a very dangerous place for illegal immigrants who would suddenly find themselves competing with displaced African-Americans and whites for jobs and places to live. In that interview I urged - for their own safety - illegals heading north to turn home and start to look for local solutions in safer places. The first manifestation of my fear has arrived with racially inspired murders of illegal immigrants in Southern Georgia. Initial reports say that the suspects in the attacks are African-American. The writing is on the wall and increased racial tensions, perhaps even race wars, are looming in this country. The winter of 2005-6 has not arrived yet and continuing signs of societal collapse are more evident every day.]

Race wars are an abyss into which we cannot fall as a nation, or as a people. We need strong leaders - right now - to avert a near-certain disaster because as things get worse, even our ability to stereotype such events as "southern" will be called into question. What will we say when they happen in Massachusetts, Illinois, Michigan or California? Who will we blame then? How will we deflect our shared responsibility? What will that do to our ability to deal with the real problem which is an irreparable shortage of energy? - MCR]

Investigators: 'Ready-made' victims killed

Saturday, October 1, 2005

The Associated Press

<http://www.cnn.com/2005/US/10/01/georgia.killings.ap/index.html>

2.

[New rigs to replace those destroyed by the hurricanes won't be built until 2008. Each at a cost of up to \$500 million. The Bush administration is launching a conservation campaign. That must hurt. 97% of oil production and 80% of GOM natural gas production shut in indefinitely. All this at a time when the US must not only restore production but make up for every drop and cubic foot that was lost and then refill the Strategic Petroleum Reserve. New projects coming online are going to be way less than the stock peddlers have told us. All this at a time when the global decline rate is about a million barrels per day.]

As much as the major media dance around all this, the writing is on the wall for the US economy this winter. -MCR]

Report: Rigs take record hit from Rita

Damaged, lost rigs used for exploration may delay discovery of new global oil supplies, paper says.

September 28, 2005: 8:08 AM EDT

http://money.cnn.com/2005/09/28/news/economy/rita_rigs/index.htm

3.

[It is clear to the whole world what is coming for the US economy. Gulf energy production is still almost completely shut in and won't be repaired for years. It makes no difference if half of the refineries are back up because they can't get product. Rig damage is far worse than expected and there is still no full assessment of the pipelines running from platforms to shore. Bush just added \$300 billion in new expenditures for clean up and said he wouldn't raise taxes. Consumer confidence is plunging. Credit card late pays and defaults are soaring. Venezuela will not be the last nation to pull its reserves out this fall and winter. To put it bluntly, the US is now a bad investment. And the two-plus billion dollars a day needed to finance our economy is going to dry up very quickly.]

The US house of economic cards is starting to come down. - MCR]

Chavez: Venezuela Moves Reserves to Europe

September 30, 2005 01:50 PM ET

http://www.businessweek.com/ap/financialnews/D8CUNLQ00.htm?campaign_id=apn_home_down&chan=db

4.

[Wait a minute! "Only a small portion of Gulf production will be lost for good"??? Before the hurricanes the world was using every drop of production and still falling short. Sure, we have seen some temporary demand drop in the months where both air conditioning and heating is turned off. But this is a truly disastrous revelation as we hover at Peak and wait for the winter heating season to start. Also of note: other revelations have shown that even under the best of circumstances much of the Gulf's American production won't be repaired for a decade. We don't have a decade. And the largest producer in the gulf, Mexico, shut down production with Hurricane Stan which hit the Yucatan about ten days ago.]

Remember, once a refinery is shut down it takes 2-3 weeks to restart it, assuming there has been no damage. I have seen no reports on what damage Stan did to Mexican production. Has anyone else? -- MCR]

Hurricanes destroyed 109 oil platforms: US government

Oct 04 2005

Agence France-Presse

<http://uk.news.yahoo.com/04102005/323/hurricanes-destroyed-109-oil-platforms-government.html>

5.

[Why does this article mention the sociological factoid that in 1918, some Americans hypothesized that the influenza pan-

demic was actually biowarfare perpetrated by the Kaiser's Germany through the introduction of Bayer aspirin? Mentioning this popular mistake may reassure the majority of readers that a new pandemic would be just as natural as that of 1918; devastating, but no more sinister in its origins than the quirk of viral evolution that burned through the West in WWI.

On the other hand, a minority will recall that Bayer later became a robust contributor to the Nazi programs of forced internment by gradually escalated "anti-terrorism" policies, enslavement by forced internment, murder by slavery (in which slaves are not fed), and depopulation by murder. Though the infected of 1918 had yet to see the first swastika, it seems they were not so far off base in their belief that a corporate entity from a Capitalistic, authoritarian, Protestant society might commit mass murder off the battlefield. Like Monsanto, Bayer is now among the major players in an apparent bid to crash the world food supply by using genetically patented monocrops to destroy seed diversity. The Board members and executives of these corporations are well aware (as the stockholders ought to be) that this represents the potential starvation of billions of kids and gentlemen and ladies: seed diversity is all that protects our food sources from sudden extinction by new pathogens and environmental shifts.

American public figures and corporations would collaborate with the Nazis, to the eventual increase of their own power in the U.S. These included the then-active portions of the Rockefeller, Harriman, and Bush families. Combined with 9-11, this is enough to make a fellow nervous about The Man's propensity to initiate a kill-off in pursuit of a die-off. Mike Ruppert recently said the following at the "Petrocollapse" conference in New York City:

We are witnessing government response to Peak Oil now. In my earlier presentation I have made it clear that that response will include only measures which protect the financial elites and major corporations. They include:

1. Rationing
2. More Coal and Nuclear - Emphasis on Fisher-Tropsch Coal-to-Liquids Conversion.
3. Suspended Environmental and Drilling Restrictions
4. Protection of Critical Infrastructure
5. Strengthening and Reinforcing Domestic Military Operations - Suspension of Posse Comitatus
6. Suspension and Relaxation of Labor and Minimum Wage Laws.
7. Changing and Tightening the Bankruptcy Laws Allowing Fewer Distressed Consumers to Discharge Debts.
8. Allowing and Facilitating Population Reduction through Famine and Disease.
9. Strengthening and Giving More Power to FEMA.
10. Destroying Demand Through Economic Collapse and Allocating Scarce Resources - by Force if Necessary - to Protect the Interests of the Wealthiest Communities and Interests in the Country.

There is a chance that the murders of prominent microbiologists in recent years (covered by FTW in "Biowarfare: CDC Issues Plan for Mass Smallpox Vaccinations; Questions Raised on MEHPA and Microbiologist Deaths," by Joe Taglieri and Michael C. Ruppert; and "A Career In Microbiology Can Be Harmful To Your Health: Death Toll Mounting As Connec-

tions to Dyncorp, Hadron, Promis Software and Disease Research Emerge," by Michael Davidson and Michael C. Ruppert) are connected to the genetic engineering of an influenza pathogen to be used for depopulation in the shadow of Peak Oil. There is also a chance that no such program involving their work succeeded or even existed; that the new avian flu is natural in origin; that it has not and will not mutate its way to disastrous new levels of transmission, infectivity and virulence. - JAHJ

Witness to 1918 flu: 'Death was there all the time'

98-year-old man recalls pandemic that killed millions

By Kelley Colihan
CNN

<http://www.cnn.com/2005/HEALTH/conditions/10/07/1918.flu.witness/index.html>

6.

[It still looks like the US economy is headed for a major crash this winter as we've been saying all year. The fourth quarter is only eight days old and we have yet to be told, or to feel, the full impact of the hurricanes on energy production while politicians and business writers talk only about refineries instead of the massive rig and pipeline destruction that they conveniently omit from their coverage. Lesser-noticed stories are now talking about ten years before full Gulf production is restored and then they are shy about stating that full production will ever be restored. The new refinery bill, jammed through the House yesterday, will have no impact for at least ten years. It will hand out a lot of money to oil companies and ease their operating costs. The new bankruptcy law, passed this summer and much harder on both corporations and individuals will take effect on October 17th and it's now beginning to look like GM may file for Chapter 11 before the 17th also.

Recently the US Department of Justice raised questions as to whether GM's pension funds were solvent and disputed GM's accounting. A corporate bankruptcy lawyer recently told me that GM is probably planning on entering Chapter 11 before the 17th so that it might dump its pension obligations on the Pension Benefit Guarantee Corporation (PBGC). What the press won't tell you is that the PBGC has been insolvent for almost two years. We reported that to you in "Crossing the Rubicon". The first casualties of the crash will be major pension funds. After that the mutual funds will start showing weakness. Then the floodgates will open as the energy realities start to hit home for all of us with the winter cold.

There are two key tipping moments that should start the big crash this winter. The first key moment is the October 17th start date for the new bankruptcy laws. The second key moment will arrive with this winter's cold. The US is currently in the grace period when summer heat has diminished and the cold has not begun. We already know that natural gas and heating oil prices are soaring. I'm not saying it's certain that GM will file before the 17th but if it were me, I'd bet on it. Remember the old saying, "As goes GM, so goes the nation."

It's also likely that we'll see several major companies file before the 17th as well. - MCRJ

Delphi files for bankruptcy

By David Bailey

Sat Oct 8, 8:52 PM ET

http://news.yahoo.com/s/nm/20051009/bs_nm/autos_delphi_bankruptcy_dc

7.

[China pulls very few punches here and this public statement about Beijing's tea leaf reading pulls few punches. It was kind of them to estimate a collapse in a year or two instead of right now. Had they said right now it might have started a dollar run before China could liquidate holdings at the top of the bubble. Now, before the winter cold hits and energy shortages become more than an inconvenience, the two key signs we should watch for are a Chapter 11 filing by GM (likely) and any moves by other countries to liquidate dollar holdings.]

Critics and skeptics are quite right that a Chapter 11 filing is only for reorganization. But it would also allow GM - if the courts permit it - to dump all of their pension obligations off on the US Treasury and the Pension Benefit Guaranty Corporation which is already insolvent. Don't think of the damage caused by weakened GM shares. Think of what happens when millions of pension checks stop flowing. At least two airlines (Delta and Northwest) are dancing around that same move right now. - MCR]

It's time to take seriously a US-led global recession

By Lau Nai-keung

2005-10-06 07:37

China Daily

http://www.chinadaily.com.cn/english/doc/2005-10/06/content_482807.htm

8.

[Peak Oil is indeed Imposed by Nature. But the ordeal it will bring has more than one contributing cause: the special viciousness of a crypto-military regime that has ruled the U.S. since 1963; the amazing success of the oil and automobile industries within that regime, as they sabotaged and destroyed the railroads and walkways that might have competed with them; and perhaps most important, the sheer human folly of Us the People. Riding a legacy of cheap energy from 18th Century white supremacist genocides, we devoured coal and then oil with the zeal of a teenage football star at a bowl of televised Wheaties. America was and is the "new world," and our housing bubble is today's headline. But the cursed tendency to consume more than we need is as old as Eden, as old as the Neolithic Revolution, as old as Homer. Here in the opening verses of the Odyssey, we're told what happened when the hero's henchmen - who symbolize the general population - gave in to their appetites and ate a god's private herd of cattle:]

*But he could not save his companions, though he sorely tried;
By their own reckless arrogance they perished: childish fools,
They ate the Oxen of the Sun, and lost their hope of Home.*

--JAHJ

Greenspan Concerned About Risky Mortgages

By JEANNINE AVERSA, AP Economics Writer

Oct 8, 2005

http://news.yahoo.com/s/ap/20051008/ap_on_bi_ge/risky_mortgages

9.

[This is not an encouraging sign. Those of us watching closely had hoped that real demand wouldn't surge again until the first cold snap hit the Northeast but it's happening sooner. Now comes the real crunch because as demand meets and then exceeds pre-hurricane levels will come the awful realization that some 73% of Gulf oil production and two thirds of the gas production is still shut in. On top of that 109 rigs are still damaged or totally destroyed and we have no clear report as yet as to the status of the pipelines from the Gulf for even those rigs that are still operational. Experts have estimated it might take ten years to get "full" production re-established if at all.]

On top of that New Orleans is still a ghost town for the most part when one looks for the big energy corporations or their employees.]

These "cheeky" analyses have never taken into account an economic crash during the rebuilding process. Americans are slow, if not belligerently opposed, to learning and changing on their own. Here, in Los Angeles, I am days away from turning the heat on for the first time since April. Remember when you hear that thermostat click this time where you are that this is the sound of collapse; not a big bang, not a clarion-announced moment. It will be at first the sound of a hundred million thermostats clicking that will push maybe ten strings of dominoes on their way. - MCR]

Oil hits \$64

Crude prices move higher on winter energy supply fears and IEA's outlook on global demand.

October 12, 2005

<http://money.cnn.com/2005/10/11/markets/oil.reut/index.htm>

10.

Comment by Mike Ruppert:

[Stephen Roach, the Morgan-Stanley analyst who warned of an Economic Armageddon this winter, is weighing in on Delphi. He has found the correct issue. More than \$600 billion in pension funds may be at stake and it's not likely that these dominoes can be stopped. There's another \$1.5 trillion of state and local pensions that are at risk. This is not just the pensions of Delphi and GM workers we're talking about. It's the pension of billions of schoolteachers, police officers and government workers whose pension funds are deep in GM and Delphi stock through mutual funds.]

Mr. Roach is quite correct when he says that waiting for the shoe to drop is difficult. But he, like FTW, is more certain now that we should expect a shoe warehouse to be opening over our heads in a very short time. There are just no positive signs

that the US economy can take any more really huge hits and the government remains as insolvent and incorrigible as ever. - MCR]

Comment by Stan Goff:

["This would certainly have been the year for global investors to have avoided dollar-denominated assets."

You can't avoid oil, and oil is still denominated in dollars - even when it is denominated in euros. Because euros quite simply can NOT be a substitute reserve currency. Not unless the Europeans are willing and able (in that uniquely American way) of running outrageous national debts that they can offset with a printing press. They cannot. They will not.

"While the dollar itself has held up surprisingly well, US stocks and bonds have not."

The power of treasuries is not in their return but their inescapable extortion value. No one can sell dollars short without wiping out their own central bank reserve values. This is exactly why - although people have been saying for years that chickens will come home to roost - the chickens have stayed far afield. These dark predictions are being made based on an inaccurate model of global finance - the same one that obsessively watches stock markets - which are speculative activity against which the transnational ruling class is utterly insulated. The house never loses.

"The single most important question for global asset allocation is whether this year's under-performance of dollar-based assets is just an anomaly, or the beginning of a multiyear trend. For what it's worth, I suspect it's the latter."

The dollar will fall, but as an intentional policy of the US to export its own deflation. The cost-benefit analysis done by Europe, China, and others will determine that accepting this slap is still better than calling in Uncle Sam's markers. The trick in this system - which is definitely unsustainable - is that the abuser and the multiple abused are tied together like a Gordian knot. If the US economy crashes due to a catastrophic devaluation of the dollar, whom will the rest of the world sell to? That's precisely why these other nations continue to make loans to the US that they know damn well will never be repaid... and which finance a war designed to set them all up for future extortions.

"America's massive external deficit of 6.4% of GDP in the first half of 2005 -- on track to account for 70% of all the world's deficits this year -- seems set to go from bad to worse over the next year, as the US saving shortfall is exacerbated by energy-related pressures on households and Katrina-related pressures on the Federal government. And the US consumption share remains at a record 71% of GDP, well in excess of shares in Europe (58%), Japan (55%), and China (42%)."

Here's where the shoe will drop - in the 'burbs, when there is no place left to shift the losses outside the US, and the middle class has their pensions and economic security liquidated to cover the losses from yet another fictional-value asset bubble.

"When saving-short America needs funding, it turns to the rest of the world to provide the capital. Global lenders have been delighted to so -- and, so far, have offered the flows at ex-

tremely generous financing terms insofar as the dollar and real interest rates are concerned."

And we know why.

"I do not want to blow the Delphi bankruptcy out of proportion. But unlike the failures of WorldCom and Enron that were traceable to accounting scandals, Delphi's Chapter 11 filing reflects the pressures of global competition, bloated labor costs, and the enormous legacy costs of increasingly onerous retirement benefits."

This is pure blame-the-victim bullshit... to be expected from Wall Street, even its dissenters.

"The first phase of restructuring is usually dominated by plant closings, outsourcing, and net job destruction -- a distinct negative for personal income generation and consumption. In the second phase, the balance shifts toward renewal, expansion, and net job creation -- conditions that foster a healing of consumer confidence and income generation, which eventually sets the stage for a pickup in private consumption."

Fairy tale. No one can show a shred of evidence, using global statistics, that anything except the first phase is characteristic of neoliberalism.

"After a decade of restructuring, Japan may well be on the cusp of entering the healing phase. In Germany, corporate restructuring remains in the painful first phase -- although the gap between job reductions and creation has been narrowing this year. That's usually a good leading indicator of a shift to the healing phase."

Right. I'm holding my breath. -SG]

Global: Pondering Delphi

Stephen Roach (New York)
Morgan Stanley

<http://www.morganstanley.com/GEFdata/digests/20051010-mon.html>

11.

[FTW has been aware for some time that many who understand the pending Peak Oil crisis have been looking to relocate to warmer climates with lower population densities in Central America. Costa Rica and Panama have been prime choices and good ones. But a recent uptick in real estate prices in those counties has encouraged interest in other Central American countries including Nicaragua. As I have said for years, six and a half billion people cannot move to the beach in Costa Rica. Nicaragua, however, poses risks not described in some investment brochures. The first is pending political instability that may spread regionally if the global economy continues its meltdown and if a Sandinista government is returned to power. A second (probably more serious) risk is that Nicaragua is seeing rapidly-rising fuel costs as the IMF is brutally trying to impose further austerity measures on a country whose population is already poor. Nicaragua's foreign exchange (forex) reserves don't suggest it would be able to compete long if oil prices continue to rise, as the IMF continues to clamp down on the poor.

There have already been two national casualties as a result of Peak Oil. The first, clearly, has been Zimbabwe which, as a result of near-zero forex reserves has collapsed utterly and is now resurrecting coal-fired locomotives as the only transportation available in a country that has otherwise been reduced to animal-powered transportation in its capital city, Harare. Zimbabwe, as a nation, is toast. No new capital will enter that country; it can no longer produce or export much of anything and its complete decline into the Stone Age is guaranteed.

The second casualty is once-mighty Indonesia, a founding member of OPEC which has entered steep oil-production decline and become a net oil importer. It was recently forced to drop fuel subsidies for its population as a result of rising costs or else see the government go bankrupt. A recent overnight jump of over 160% in fuel costs (especially for cooking) prompted massive civil unrest. (Fuel riots are actually looming and being prepared for in Great Britain). Nicaragua is now standing in line on the list of nations poised to go over the Peak Oil cliff and the question then is, will a collapse there spread to other neighboring countries as populations begin to migrate in search of jobs, food and shelter? Anti-American sentiment is sure to rise if indigenous populations find themselves being squeezed out by gringos with dollars.

For the moment only Panama looks to be capable of withstanding the pressures for any length of time because of its huge banking industry and the canal. Many major US corporations are actually incorporated as Panamanian foundations and thus the US has a vested interest in underwriting Panamanian security for as long as possible, even as America's global reach is being impaired on a number of fronts. Unfortunately the (until now) perennially stable Costa Rica lies just across Nicaragua's southern border and Honduras and El Salvador lie just to the north. In late 2004 Honduran officials reported a possible "Al Qaeda presence" and in 2005 Honduran street gangs started proliferating throughout the region. Things do not look good for Nicaragua as Sandinista leader (former president) Daniel Ortega re-emerges onto the political scene. It seems clear that the US government will rush to destabilize that country and where the instability goes after that is anyone's guess. - MCR]

US warns millions in aid at risk if Nicaragua ousts president

- **Leader under threat over alleged election violations**
- **Bush representative seeks to avert Sandinista revival**

Duncan Campbell
Thursday October 6, 2005
Guardian
<http://www.guardian.co.uk/print/0,3858,5302526-103681,00.html>

12.

[Whoever is the power behind this move, if Cheney really goes it will be for violating a rule sacrosanct to - the CIA. Not for murdering thousands in America and abroad. Nixon had to be removed on the premise that he had helped to commit a burglary, not that he had essentially murdered three million Indochinese and 58 thousand Americans. If Cheney actually goes, this will fit that pattern. When somebody has to go who is really powerful and really accomplished in the killing business, the reasons for the expulsion must have as little to do as possible with (1) the per-

son's worst crimes, and (2) the actual reasons why he's being expelled. -JAH]

White House Watch: Cheney resignation rumors fly

<http://www.usnews.com/usnews/news/articles/051018/18whwatch.htm?track=rss>

13.

[All things become their opposites. Secessionism used to represent the feudal regime of slaveholders in the South. They wanted their energy to come from kidnapped Africans, instead of coal. Today secessionism represents one of a very few alternatives to incipient feudalism, and today's secessionists want their energy to come from renewables and decreased consumption - instead of from militarized petroleum, vanishing natural gas, and a huge reserve of American prison labor.

Having lived in Vermont for three years, I can report that the state is blessed with a large number of historically aware, kind, decent men and women who care about each other and the planet. There are also quite a few Petro-troglodytes in the Green Mountain State whose giant red pickup trucks sport the Confederate flag. Yes, this means racism, and yes, it means desecrating the memory of the Vermonters who gave their lives for the Union in the Civil War. But the tiny kernel of good in that bizarre decal choice is coming out now. If secession from corporate domination is what the Redneck North meant all along by that sticker, then let them live up to it now. -- JAH]

Jumping From the Sinking Ship of Empire: Vermonters Move to Secede From USA

Saturday, October 22, 2005
<http://peakoilanarchy.blogspot.com/>

14.

[Noonan was the central speechwriter for the "Reagan Revolution" that pulled the bottom out from under the U.S. balance of payments. That shoved the country's collective head far below the surface of a sea of cheap credit and unpayable debt. Reading this piece, it's hard not to suspect that Noonan and her ilk knew exactly what they were doing; that the 1980's were an addict's last high, selling off the manufacturing base (and selling out the working class that drove it) to buy one more fix of cheap Chinese goods and international finance capital.

What I doubt she understood was that this also broke the only chance for timely mitigation of Peak Oil. The Hirsh Report essentially says that Carter was right, in his methods and his timing; that his program was the country's last chance to avoid a Tainter-type collapse; and that the Reagan period is the fourth in a five-act Shakespearean tragedy. -JAH]

A Separate Peace

America is in trouble--and our elites are merely resigned.

Peggy Noonan
Thursday, October 27, 2005 <http://www.opinionjournal.com/forms/printThis.html?id=110007460>