

The Risk of Baiting Trump on Russia

In the drive to damage President Trump, American liberals have seized on his desire for more cooperation with Russia, baiting him as “a Putin puppet,” a dangerous strategy, says Norman Solomon.

By Norman Solomon

Four weeks into Donald Trump’s presidency, *New York Times* columnist Paul Krugman wrote that “nothing he has done since the inauguration allays fears that he is in effect a Putin puppet.” The liberal pundit concluded with a matter-of-fact reference to “the Trump-Putin axis.”

Such lines of attack have become routine, citing and stoking fears that the president of the United States is a Kremlin stooge. The meme is on the march – and where it will end, nobody knows. Actually, it could end with a global nuclear holocaust.

The incessant goading and denunciations of Trump as a Kremlin flunky are escalating massive pressure on him to prove otherwise. Exculpatory behavior would involve setting aside possibilities for detente and, instead, confronting Russia – rhetorically and militarily.

Hostile behavior toward Russia is what much of the U.S. media and political establishment have been fervently seeking. It’s also the kind of behavior that could drag us all over the brink into thermonuclear destruction. But c’mon, why worry about that?

For countless media commentators and partisan Democrats including many avowed progressives – as well as for some Republican hawks aligned with the likes of Sens. John McCain and Lindsey Graham – the benefits of tarring Trump as a Russian tool are just too alluring to resist.

To be clear: For a vast number of reasons, the Trump administration is repugnant. And the new president’s flagrant violations of the U.S. Constitution’s foreign and domestic emoluments clauses are solid grounds for impeaching him. I’m glad to be involved with a nationwide petition campaign – which already has 890,000 signers – urging Congress to begin impeachment proceedings. We should go after Trump for well-grounded reasons based on solid facts.

At the same time, we should refuse to be stampeded by the nonstop drumbeats from partisan talking points and mainline media outlets – as well as “the intelligence community.”

It wasn't mere happenstance when the Director of National Intelligence, James Clapper, openly lied at a Senate committee hearing in early 2013, replying "No sir" to a pivotal question from Sen. Ron Wyden: "Does the NSA collect any type of data at all on millions or hundreds of millions of Americans?" The lie was exposed three months later when Edward Snowden made possible the release of key NSA documents.

Yet now we're supposed to assume straight-arrow authoritative honesty can be found in a flimsy 25-page report "assessing Russian activities and intentions," issued in early January under the logo of Clapper's Office of the Director of National Intelligence. That report has been critiqued and demolished by one astute analyst after another.

As investigative journalist Gareth Porter noted, "In fact, the intelligence community had not even obtained evidence that Russia was behind the publication by WikiLeaks of the e-mails [of the] Democratic National Committee, much less that it had done so with the intention of electing Trump. Clapper had testified before Congress in mid-November and again in December that the intelligence community did not know who had provided the e-mails to WikiLeaks and when they were provided."

More broadly and profoundly, many cogent analyses have emerged to assess the proliferating anti-Russia meme and its poisonous effects. For instance: "Why We Must Oppose the Kremlin-Baiting Against Trump" by Stephen F. Cohen at *The Nation*; "The Increasingly Unhinged Russia Rhetoric Comes From a Long-Standing U.S. Playbook" by Glenn Greenwald at *The Intercept*; and "The Did-You-Talk-to-Russians Witch Hunt" by Robert Parry at *ConsortiumNews*.

The frenzy to vilify Russia and put the kibosh on the potential for detente is now undermining open democratic discourse about U.S. foreign policy – while defaming advocates of better U.S.-Russia relations in ways that would have made Joe McCarthy proud. So, President Trump's expressions of interest in improving relations with Russia – among his few lucid and constructive statements about anything – are routinely spun and smeared as corroborations of the meme that he's in cahoots with the Russian government.

Many organizations that call themselves progressive are culpable. One of the largest, MoveOn, blasted out an email alert on February 10 with a one-sentence petition calling for a congressional investigation of Trump – flatly declaring that he has "ties to the Russian government."

Trump's Views on Russia

Consider these words from President Trump at his February 16 news conference:

– “Look, it would be much easier for me to be tough on Russia, but then we’re not going to make a deal. Now, I don’t know that we’re going to make a deal. I don’t know. We might. We might not. But it would be much easier for me to be so tough – the tougher I am on Russia, the better. But you know what? I want to do the right thing for the American people. And to be honest, secondarily, I want to do the right thing for the world.”

– “They’re a very powerful nuclear country and so are we. If we have a good relationship with Russia, believe me, that’s a good thing, not a bad thing.”

– “By the way, it would be great if we could get along with Russia, just so you understand that. Now tomorrow, you’ll say ‘Donald Trump wants to get along with Russia, this is terrible.’ It’s not terrible. It’s good.”

Rather than being applauded and supported, such talk from Trump is routinely depicted as further indication that – in Krugman’s words – Trump “is in effect a Putin puppet.”

And how could President Trump effectively allay fears and accusations that he’s a Kremlin flunky? How could he win cheers from mainstream newsrooms and big-megaphone pundits and CIA headquarters? He could get in a groove of decisively denouncing Russian President Vladimir Putin. He could move U.S. military forces into more confrontational stances and menacing maneuvers toward Russia.

Such brinkmanship would occur while each country has upward of 4,000 nuclear warheads deployed or stockpiled for potential use. Some are attached to missiles on “hair-trigger alert” – which, the Union of Concerned Scientists [explains](#), “is a U.S. military policy that enables the rapid launch of nuclear weapons. Missiles on hair-trigger alert are maintained in a ready-for-launch status, staffed by around-the-clock launch crews, and can be airborne in as few as 10 minutes.”

Those who keep goading and baiting President Trump as a puppet of Russia’s government are making nuclear war more likely. If tensions with the Kremlin keep escalating, what is the foreseeable endgame? Do we really want to push the U.S. government into potentially catastrophic brinkmanship with the world’s other nuclear superpower?

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Sanders Annoys Democratic Establishment

The Democratic establishment is growing impatient with Bernie Sanders who continues to delay the party's long-planned coronation of Hillary Clinton, a vexation expressed by Paul Krugman and criticized by Rick Sterling.

By Rick Sterling

When Republicans are in the White House, columnist Paul Krugman and The New York Times sometimes sound pretty good. But when someone starts seriously and effectively challenging core assumptions and values of our political economic system, the progressive veneer quickly vanishes. This is demonstrated in Paul Krugman's attack on the Bernie Sanders campaign in his "Sanders Over the Edge" [editorial](#).

Krugman does not hold back. Bernie supporters and Bernie himself are described by Krugman as intolerant, cultish, shallow, vague, without substance, lacking character and values, dishonest, short on ethics, really bad, petulant and self-righteous. Wow.

Krugman's diatribe deserves scrutiny and lampooning. The purpose seems to be to ridicule, threaten and warn Sanders to get back in line. Instead, progressives may intensify their support for Sanders and tell Krugman to get his facts straight. Here are some key falsehoods in the Krugman attack:

Krugman dismisses Sanders' call to "break up the big banks" and suggests the financial giants did not cause the economic crash; the problem was "predatory lending" by smaller outfits such as Countrywide Financial. This analysis is nonsense and contradicts what Krugman himself has said in the past. The predatory lenders were minor players in the process. The loans would never have been issued if they were not being bought up and bundled together into collateral debt obligations (CDOs) and other "products" by major financial institutions such as Goldman Sachs. They were the ones driving the operation not the individual lenders.

Krugman goes on to claim Sanders does not have any specific proposals and that "going on about big banks is pretty much all Mr. Sanders has done" and "absence of substance beyond slogans seems to be true of his positions across the board." This is untrue, easily confirmed by looking at the Sanders [website](#). Sanders has called for a tax on Wall Street speculation/trading, dramatic changes in the tax code, increasing the minimum wage to \$15 per hour, canceling detrimental trade accords and imposing individual penalties for corporate crime. These are clear and specific with similar details in virtually every policy area.

Krugman claims Sanders and supporters were 'just plain dishonest' when they accused Clinton of receiving substantial funding from the fossil fuel industry. Krugman relies on the establishment "fact checks" of the Times, The Washington Post and NPR. However those "fact checks" have been refuted by Fairness and Accuracy in Reporting which confirms that Clinton did in fact receive substantial funding as claimed by Sanders. The FAIR title gives the essence: "NPR Fact Checker can't be bothered to check."

Krugman gets really worked up because Sanders issued a "rant" suggesting Mrs. Clinton may not be "qualified" to be President after taking so much funding from Wall Street and supporting recent and past U.S. foreign aggression and intervention which has backfired badly.

Krugman says Sanders is "really bad on two levels" – "imposing a standard of purity " and raising the specter that Sanders supporters may not happily support Clinton as the "strong favorite for the Democratic nomination." This is the core message from Krugman, a warning to Sanders to get back on the establishment bus.

Krugman thinks it is hopelessly purist to expect a President who will not take the country into new wars and sustain illegal coups such as in Honduras. Many Sanders supporters know about Clinton's role in Honduras, Libya and beyond, probably better than Krugman. That's why some will not transfer their votes to her.

Is Krugman not aware of the reason for Sanders's success? Sanders is calling for radical transformation in the economy, criminal justice, health-care, education and foreign policy. He is publicly saying this needs to be done with a populist "political revolution." He is winning huge support with that message and because many see him as sincere and authentic, not a normal politician. That is clearly troubling to Krugman and the Times.

The New York Times has endorsed Hillary Clinton and their candidate is in jeopardy. This may be contributing to escalating attacks on Bernie and whitewashes of Hillary.

[For more on this topic, see the Young Turks for a video take-down of Krugman and his attack on Sanders.

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The Misinformation Mess

Exclusive: As Americans approach Election Year 2016, the crisis of misinformation is growing more and more dangerous. On issues from foreign policy to the economy, almost none of the candidates in the race appears to be addressing the real world, writes Robert Parry.

By Robert Parry

New York Times columnist Paul Krugman marvels at the right-wing extremism prevalent in the Republican presidential race not just from the “outsider” candidates but from the “establishment” favorites as well, doubling down on President George W. Bush’s economic prescriptions and foreign policies despite their record of disaster.

The media’s obsession with Donald Trump’s off-the-cuff candidacy “has in one way worked to the G.O.P. establishment’s advantage: it has distracted pundits and the press from the hard right turn even conventional Republican candidates have taken, a turn whose radicalism would have seemed implausible not long ago,” Krugman wrote on Monday.

From escalating U.S. military involvement in the Middle East to slashing taxes again for the rich, the supposedly “mainstream” Republicans, such as Florida Sen. Marco Rubio and former Florida Gov. Jeb Bush, are acting as if the catastrophes under Bush-43 never happened.

It would be fair to say that the Democrats are suffering from a similar disconnect from the lessons of the last quarter century, with former Secretary of State Hillary Clinton bristling with hawkish rhetoric toward Syria and Russia while sending fawning salutations to Israel despite its contribution to the Mideast crisis by repressing the Palestinian people.

Even Clinton’s chief rival, Vermont Sen. Bernie Sanders, can’t formulate a rational policy toward the Middle East, although to his credit he did oppose Bush’s bogus case for invading Iraq and favors prioritizing cooperation with Russia in defeating the Islamic State over demanding another “regime change” in Syria.

But Sanders simply wants to postpone the U.S. removal of Syrian President Bashar al-Assad and he encourages Saudi Arabia to throw its military weight around more across the region, not noticing that the Saudis are backing many of the Sunni jihadists who have helped turn the Middle East into a killing field. Nor does Sanders explain why one would expect the Saudis to turn away from

their obsession with fighting Shiites as they are currently doing in pulverizing Yemen because a Shiite rebel group, the Houthis, gained power in that impoverished nation.

In a rational world, Saudi Arabia would be viewed as a major part of the problem, not part of any solution.

On domestic policy, Sanders like Trump does seem to have touched a populist political nerve in their recognition that neo-liberalism (as preached since Bill Clinton's presidency) has failed to protect America's middle class. Though Sanders's and Trump's brands of populism offer sharply divergent remedies, they both speak to Main Street's fear that it is being left behind by the high-tech globalized world that has diverted vast wealth to Wall Street and Silicon Valley.

The more traditional candidates whether Hillary Clinton or the establishment Republicans don't address the heart of this problem. Instead, they choose to play it safe on the edges while embracing the "free market" orthodoxies that created the crisis.

A Propagandized People

But is it really possible to expect that the American people (as propagandized and misinformed as they are) could effect significant change through the electoral process, which is itself deeply compromised by vast sums of dark money from American oligarchs, while other super-rich Americans own the major media companies.

So, while there may be some logical responses to this combination of crises, the media/political system prevents them from being considered in any coherent way.

For instance, a rational approach to the Middle East would shift American alliances away from the reactionary Persian Gulf monarchies and Turkey and toward a more balanced approach that would invite greater involvement of Shiite-ruled Iran, which the Sunni-led monarchies view as their chief regional rival. There is little reason for the United States to take one side of a sectarian split within Islam that dates back to the Seventh Century.

By shedding its current pro-Saudi bias, the United States could finally get serious about resolving the Syrian crisis by shutting down the money and weapons going from Saudi Arabia, Qatar and Turkey to the extremists not just in the Islamic State but also in Al Qaeda's Nusra Front and its various jihadist allies.

Since summer 2014, President Barack Obama and his "coalition" have been fighting

a half-hearted war that has failed to face down the U.S. "allies" aiding the Sunni jihadists in Syria. Only when shamed by Russia in fall 2015 did the U.S. coalition join in bombing trucks carrying the Islamic State's oil from Syria through Turkey's open borders for resale in the black market. [See Consortiumnews.com's "[A Blind Eye Toward Turkey's Crimes.](#)"]

As for Syria's political future, a reasonable approach would be to leave the selection of national leaders up to the Syrian people through internationally organized democratic elections. The voters would be the ones to decide Assad's fate, not outsiders.

Yet, Official Washington finds itself in the crazy position of extending the bloody Syrian war and the resulting chaos across the region and into Europe because Obama and other Important People said "Assad must go!" and don't want to lose face by dropping that demand. [See Consortiumnews.com's "[Neocons Object to Syrian Democracy.](#)"]

A realistic approach to the Middle East also requires finally standing up to Israeli Prime Minister Benjamin Netanyahu, rather than letting him dance U.S. political leaders around the world stage like puppets on a marionette's string. A balanced approach to the Middle East would allow for collaborating with Russia and Iran to apply pressure on the parties in the Israeli-Palestinian conflict to make the necessary concessions for a peace deal, imperfect though it would surely be.

The need to work with Russian President Vladimir Putin would also require rethinking the aggressive U.S. strategy regarding NATO and Ukraine. Instead of insisting that everything is "Putin's fault," the U.S. government could acknowledge its hand in exacerbating the political crisis in Ukraine in 2013-14 and admit that the U.S.-backed *putsch* on Feb. 22, 2014, was not the simple story of "our good guys vs. their bad guys" that was sold to the American public.

As part of all this reassessment, there needs to be a coming-clean with the American people regarding what U.S. intelligence knows about a variety of key events, including but not limited to the Aug. 21, 2013 sarin attack outside Damascus, Syria; the Feb. 20, 2014 sniper attack in Kiev, Ukraine, which set the stage for the coup; and the July 17, 2014 shoot-down of the Malaysia Airlines Flight 17 over eastern Ukraine.

The fact that such events have been exploited for propaganda reasons to blame U.S. "adversaries" while the detailed knowledge of the U.S. intelligence agencies is hidden from the American people has deprived the public of an ability to make rational assessments about the larger policies. U.S. positions are driven by false or faulty perceptions, not reality.

The Disappearing Middle Class

Along with bringing rationality and reason back to U.S. foreign policy, a similar process of truth-telling could take place domestically. The core problem of America's disappearing middle class is not just technology and globalization; it is that the super-profits from those developments have gone overwhelmingly to the extremely rich, rather than equitably shared with the population.

Thus, we see the rapid shrinking of the Great American Middle Class, a development that is destructive and dangerous because a prosperous middle class serves as ballast for an economy, preventing it from suddenly capsizing.

Plus, if most people can't afford to buy the products that technology produces, then eventually the investment in that technology becomes unprofitable, a lesson well known since the days of Henry Ford who wanted his workers to earn enough to afford to buy his cars.

There is the trick question about what is the value of all the properties and hotels in "Monopoly" once one player has won by bankrupting all the other players. The answer is zero because no one has any money to visit the properties or stay at the hotels. They thus have no monetary value. A similar reality holds true in the real-world economy. Over-concentration of wealth is a threat.

The answer to this conundrum is also clear: since it is impossible to stop technological advancement and risky to start trade wars, the alternative is to tax the super-profits of the rich and recycle the money in the form of jobs to build infrastructure, educate the young, protect the environment, research ways to improve health, etc.

There is nothing wrong with having machines do more of the drudgery and give humans more time to enjoy life. The problem comes when the benefits accrue to a tiny minority and the rest of us are forced to work harder or face declining living standards.

But what prevents us from making the sensible move i.e., dramatically increase taxes on the rich and put that money to use putting people to work on worthy projects is Ronald Reagan's propaganda message that "government is the problem." The Right has built onto that theme the idea that government promoting the common good is against the U.S. Constitution.

Thus, you have extremists such as Texas Sen. Ted Cruz posing as "constitutionalists" as they ignore the fact that the chief authors of the Constitution the Federalists inserted a clear mandate for the U.S. government to "provide for the general Welfare." That authority was cited in both the Preamble and Article I, Section 8, which enumerates the government's powers. [See

Consortiumnews.com's "[The Right's Made-up Constitution.](#)"]

In other words, the "originalist" meaning of the U.S. Constitution was in favor of a robust and activist federal government. But few Americans know and understand that history. They have been sold on a false rendition that serves the interests of the rich who understandably don't want the government to use its taxing powers on behalf of the broader population.

The Heart of the Matter

Which get us to the heart of the matter: Why is the American political debate so ill-informed and misinformed? Why was there virtually no accountability in the mainstream U.S. news media when nearly every important foreign-policy journalist and pundit bought into the WMD lies that justified the Iraq War? Why are the same kinds of "group thinks" continuing to prevail, with U.S. government propaganda accepted rather than questioned?

The answer to that conundrum is that Official Washington is dominated on foreign policy by neoconservatives and their liberal-interventionist sidekicks and on domestic policy by neo-liberals and government-hating conservatives. The old days when there were foreign policy "realists" who acted more from a perspective of American interests and politicians who remembered the Great Depression and the New Deal are gone.

The neoconservatives, who emerged as pro-Vietnam War Democrats in the 1970s and switched over to Reagan Republicans in the 1980s, have proved to be a formidable and effective force for a propaganda-driven foreign policy that sees American interests as indistinguishable from Israel's and treats the American people like cattle to be herded.

That is why real information is as dangerous to neocons as water was to the Wicked Witch of the West. It is also why they have concentrated so much on getting control of the flow of news to the American people. If all the public gets is propaganda and if honest journalists and scholars are marginalized and silenced then the people will either support the latest neocon/liberal-hawk cause or end up in confused disarray, not sure what to believe.

The truth is that the neocons and their liberal-hawk allies now control virtually the entire mainstream news media, from The New York Times and The Washington Post to NPR and the major networks to Fox News and most of right-wing talk radio. Even esteemed journalist Seymour Hersh now must go overseas to the London Review of Books to get his important reporting published when it challenges the "group think" on Syria and other topics.

'Free Market' Capitalism

A similar situation exists regarding “free market” capitalism that is embraced by both neo-liberals and right-wing economists. For decades, in the major U.S. news media, it has been hard to hear a discouraging word about “free trade” deals even though labor leaders and some populist politicians warned presciently that these deals would cost millions of middle-class factory jobs.

Today, there is more skepticism about “free trade” as the social and economic impact has become undeniable but, again, there was no accountability for the misleading advocates of these agreements nor a serious effort to rewrite the deals. Renegotiation of the trade deals has been one of Donald Trump’s major proposals and applause lines.

But most Republican candidates favor more of the same: more unrestrained capitalism and less taxation on the wealthy. Meanwhile, Hillary Clinton positions herself as a centrist, promising no “middle class” tax increases on people making \$250,000 or less, a redefinition of the “middle class” to include families making about five times the median income.

Despite their other shortcomings, Trump and Sanders are the only candidates seriously addressing some of these key economic issues. For his part, Sanders advocates much higher taxes especially on the wealthy and the stock speculators to fund a broad range of social programs, such as Medicare for all, and to finance massive infrastructure rebuilding.

Yet, the central challenge for a possible political transformation in America rests on reliable information getting to the people, especially given all the sources of misinformation and the many barriers to the truth. That battle restoring the life-blood of democracy, an informed electorate remains the challenge of our time.

Investigative reporter Robert Parry broke many of the Iran-Contra stories for The Associated Press and Newsweek in the 1980s. You can buy his latest book, *America’s Stolen Narrative*, either in [print here](#) or as an e-book (from [Amazon](#) and [barnesandnoble.com](#)).

The Dangers of European Dis-Union

The “European Project” is under unprecedented stress from fissures both east-and-west (over the Ukraine crisis) and north-and-south (over the Greek and refugee crises) and it’s unclear whether the Continent’s bureaucrats can keep the European Union from splintering apart, as Nat Parry explains.

By Nat Parry

The near collapse of the Greek economy and the harsh austerity package forced on Athens by the European Union has led to increasing commentary in recent weeks on what the developments might mean for the “European project” the one-time seemingly inevitable drive on the European continent for an “ever closer union” based on principles of economic, social and territorial cohesion and solidarity among EU member states.

Far from a demonstration of cohesion and solidarity, as *New York Times* columnist Paul Krugman noted in a July 12 op-ed, the lesson learned over the past few weeks is that “being a member of the eurozone means that the creditors can destroy your economy if you step out of line.” In Krugman’s view, the fundamental economics are simple enough: “imposing harsh austerity without debt relief is a doomed policy no matter how willing the country is to accept suffering.”

Krugman is not alone in his bleak appraisal of the situation. In testimony to the House Foreign Affairs Committee’s Subcommittee on Europe, Eurasia, and Emerging Threats on July 14 on the topic of “The European Union’s Future,” prominent American academic Stephen Walt said that the EU, despite its past achievements, now suffers from growing tensions and several self-inflicted wounds.

Walt called the decision to create the euro in 1999 “an enormous blunder,” which was done “for political rather than economic reasons.” The euro’s early critics have since been proven right, according to Walt, with the current crisis demonstrating that the EU lacks the political and institutional mechanisms needed to make a common currency work.

The euro’s proponents had assumed 15 years ago that the currency members would never let themselves get into serious financial trouble, an assumption that was demolished by the 2008 global economic crisis the result of financial malfeasance and lax regulatory enforcement in the United States.

“Seven years have passed since the crisis hit, and the EU still lacks the political institutions needed to sustain a genuine currency union,” Walt writes. “If Greece eventually exits, its departure will demonstrate that the euro is not irreversible, and it will raise new doubts about its long-term prospects. If Greece stays in the currency union but cannot implement the herculean reforms now being demanded by its creditors, another crisis is inevitable.”

Guardian columnist Seumas Milne says it is a misnomer to even refer to the new set of financial assistance measures to Greece as a “bailout.” In reality, he

writes, it is “the imposition of new debts to pay existing creditors,” which requires the Greeks to “hand over a €50bn (£35bn) of public assets to an ‘independent’ privatisation fund.” In this way, it is more like a heist than a bailout.

The anti-democratic nature of the EU’s demands is self-evident, as the prescription being foisted upon Athens more austerity being injected into a shrinking economy and the reversal of any legislation deemed unsuitable by Brussels flies in the face of everything the Syriza party was elected to do in the historic parliamentary elections of Jan. 25, 2015.

This is why Greek leaders declared that they have been the victims of a coup d’etat, with the ex-finance minister Yanis Varoufakis likening the deal to the Versailles treaty imposed on Germany after the First World War. As the details of the deal became public, the hashtag #ThisIsACoup quickly began trending on social media.

Even the International Monetary Fund hardly a bastion of left-wing economics has criticized the deal as too harsh, saying that any deal without up-front debt relief is unsustainable. “Greece’s debt can now only be made sustainable through debt relief measures that go far beyond what Europe has been willing to consider so far,” stated the IMF in its country report on Greece issued July 14.

Former IMF chief Dominique Strauss-Kahn wrote in an open letter to European policymakers that the deal they had forced on Athens was “profoundly damaging, if not a deadly blow” to European integration. Strauss-Kahn, who resigned from his post as managing director of the IMF in 2011 amid sexual misconduct allegations, referred to the EU’s deal as a “diktat” and accused European leaders of risking the integrity of the European Union by placing ideology ahead of pragmatism.

“Political leaders seemed far too savvy to want to seize the opportunity of an ideological victory over a far-left government at the expense of fragmenting the Union,” he wrote in the letter.

“In counting our billions instead of using them to build, in refusing to accept an albeit obvious loss by constantly postponing any commitment on reducing the debt, in preferring to humiliate a people because they are unable to reform, and putting resentments however justified before projects for the future, we are turning our backs on what Europe should be, we are turning our backs on citizen solidarity,” Strauss-Kahn said.

Mediterranean Crisis

The issue of solidarity is one that has come up quite a bit recently in Europe

not only in relation to the Greek debt crisis, but also regarding the Mediterranean refugee crisis, which has hit southern European countries, including Greece, especially hard in recent months.

Largely precipitated by the ongoing civil war in Syria, as well as the NATO-led intervention in Libya four years ago, the crisis of migrants and refugees crossing the Mediterranean represents one of the most glaring failures of European policies in recent memory.

The United Nations notes that the vast majority of the roughly 137,000 people making the dangerous journey during the first six months of 2015 are fleeing war, conflict or persecution, making it primarily a refugee crisis. Yet, the EU is failing to live up to its international humanitarian obligations in resettling these asylum seekers, leaving the burden almost entirely on point-of-entry countries such as Italy, Malta, Spain and Greece.

This week, EU ministers failed to reach an agreement on the resettlement of 40,000 refugees, despite pleas from southern European nations for assistance from their northern neighbors.

The southern nations have backed a quota system in which other EU nations would commit to resettle a certain number of refugees who arrive in Mediterranean countries. But the plan was rejected by several EU member states, opting for a voluntary scheme instead.

Under that voluntary proposal, interior ministers sought to relocate 40,000, but on Monday in Brussels they could only agree to 32,356 relocations in countries such as France, Germany and Ireland. Several EU members, including Austria, Hungary, and Denmark, declined to participate at all.

"This shows that a voluntary scheme is difficult to implement and whenever it was tried before, it has failed," EU migration commissioner Dimitris Avramopoulos said after the meeting.

The remaining 8,000 refugees will be allocated by the end of the year, he said. Yet, this is still just a drop in the bucket considering that 67,500 people entered Italy so far this year, while 68,000 have arrived on the islands of Greece, according to the UN.

As negotiations over the quota system took place in Luxembourg last month, Italian Prime Minister Matteo Renzi lashed out at fellow EU leaders for rejecting the quotas, accusing his peers of looking after only their own interests. "If that's your idea of Europe, you can keep it," an indignant Renzi said. "Either give us solidarity or don't waste our time," he added.

The UN has also objected to the EU's lackluster response to the refugee crisis, saying that "Europe's response to the crisis on its own shores sends a particularly important message."

In a report issued earlier this month, the UN High Commissioner for Refugees called for a bold response in the number of places offered through resettlement, family reunification and other legal alternatives.

"These should be coupled with actions to increase intra-EU solidarity and to address root causes of displacement," according to the UNHCR report. "In this exceptional time, Europe and the international community need to deepen their solidarity with the forcibly displaced, notably by accepting larger numbers of people in need of protection."

The UN noted that some southern European countries are ill-equipped to handle the burden that is falling on their shoulders.

"In Greece, a limited infrastructure providing less than 2,000 reception places has meant inadequate reception conditions for new arrivals," according to the UN report.

"Europe has a clear responsibility to help those seeking protection from war and persecution," said António Guterres, UN High Commissioner for Refugees. "To deny that responsibility is to threaten the very building blocks of the humanitarian system Europe worked so hard to build. European countries must shoulder their fair share in responding to the refugee crisis, at home and abroad."

All of these developments whether the lack of solidarity shown to southern European countries over the refugee crisis or the punitive vindictiveness shown to Greece over the debt crisis are having an effect on the EU's "soft power," largely based on the image of Europe as more progressive than the rest of the world, and in particular the alternative that it has traditionally offered to the American model.

The European Alternative

Europe has long been preoccupied with casting itself as a more enlightened version of American power, which has often manifested itself in criticism of the death penalty in the U.S. and complaints about American belligerence and unilateralism. A decade ago, European leaders attempted to unite the continent by offering an explicitly European alternative vision to the Bush-era doctrine of pre-emptive war as displayed by the March 2003 invasion of Iraq.

When the war was launched, the continent was split down the middle into what

U.S. Defense Secretary Donald Rumsfeld called “Old Europe” and “New Europe” and with that lack of unity, Javier Solana, the EU’s High Representative for Common and Foreign Security Policy, found that there was little for him to do. Making the most of that inactivity, Solana and his top aide, British diplomat Robert Cooper, launched an ambitious initiative to build an international order based on effective multilateralism as opposed to the “with us or against us” approach of the Bush administration.

The resulting 4,000-word document, unveiled in December 2003, was called “A Secure Europe in a Better World.” While it had its roots in the Iraq crisis, as an attempt to counter what the EU external relations commissioner, Christopher Patten, slammed as America’s “unilateralist overdrive,” the exercise forced Europe to seek common ground and seriously consider the dangers posed by weapons of mass destruction, international terrorism, so-called “rogue states,” and the use of force.

But the Europeans were not only addressing terrorism and other emerging threats. They were also consciously offering an alternative to the perceived challenge to international order posed by the United States and the pre-emptive war doctrine of George W. Bush.

As Carl Bildt, a former Swedish prime minister, observed, it was no longer sufficient to rely on Europe’s “soft power” versus the “hard power” of America’s unmatched military and economic might. There was a need to codify how and in what circumstances Europe’s power could actually be used.

While arguably a bit vague on details, the resulting document was sweeping in its scope and its implications. In a comprehensive way, the EU attempted to clearly spell out a coherent European worldview on security matters, and collectively promote a new model for confronting the threats and challenges of the Twenty-first Century.

Now 15 years into that century, this alternative European model seems like a fading memory, with continental politics instead dominated by demands for economic austerity and a lack of solidarity on common threats. Not only is the European “social cohesion” policy in disarray, but its short-lived attempt to establish a more progressive long-term approach to security has nearly been forgotten, overshadowed by a growing East-West divide most clearly on display in the Ukraine crisis.

Falling in Line

Notwithstanding occasional grumblings over Guantanamo Bay, NSA surveillance and capital punishment, Europe has largely followed the U.S. lead on policies

ranging from regime change in Libya to the persecutions of Julian Assange and Edward Snowden to the CIA's extraordinary rendition program, and most recently, the efforts to isolate the Russian Federation in relation to the crisis in Ukraine.

The isolation of Russia culminated earlier this month in a controversial decision by Finland to deny entry to several Russian parliamentarians on the EU's travel ban from attending an international conference of the Organization for Security and Cooperation in Europe, being held ironically under the theme of "Recalling the Spirit of Helsinki," a reference to the d'Áotente-era signing of the 1975 Helsinki Final Act.

The European divisions on display by the ban of Russian parliamentarians from this conference were punctuated by the absence from the conference by Greece, which was necessitated by the bailout negotiations. The absence of Russia and Greece underlined both the East-West and North-South fractures in Europe.

The news of this conference, which was held on July 5-9 and tackled several important issues including Ukraine, climate change and the Mediterranean migrant crisis, was largely overshadowed in European media by the Greek debt crisis and the EU's financial assistance package, but in many ways the fissures on display are indicative of the multiple crises facing the European continent.

As Stephen Walt argued in his recent column on the Greek debt crisis, "Every hour that Europe's leaders have spent trying to dig themselves out of this mess is an hour they could not devote to responding to China's rise, the upheavals in the Middle East, the Ukraine debacle, or any number of pressing domestic issues."

Moreover, by denying liberal democratic populism a chance to succeed in the likes of Syriza in Greece (or the up-and-coming Podemos party in Spain), European bureaucrats may be ensuring that uglier right-wing populist movements are given the space they need to set roots and flourish which could ultimately prove more destructive to the European project than anything the continent is now witnessing.

Nat Parry is the co-author of *Neck Deep: The Disastrous Presidency of George W. Bush.* Follow Nat Parry on Twitter @natparry. [This story originally appeared at Essential Opinion.]

The Iron Law of Oligarchy Returns

From the Archive: The death of Danny Schechter, “the News Dissector,” at age 72 from cancer marks a sad moment for independent journalism. Schechter’s was a strong voice against the empty platitudes and blatant hypocrisies that have come to define modern American media and politics, as he explained in an article last year.

By Danny Schechter (Originally published on April 25, 2014)

The word “Oligarchy” has finally come home. For years, it was a term only used in connection with those big bad and sleazy Mafioso-type businessmen in Russia. Russia had Oligarchs; we didn’t. That became a big difference between the official narrative of what separated our “land of the free and the home of the brave” from “them” in the post-Soviet period.

Actually, I first heard the term “oligarchy” when I was studying labor history at Cornell half a lifetime ago. We were taught about something called the “Iron Law of Oligarchy.” It was a concept coined by Robert Michels, a friend of sociology guru, Max Weber, way back in 1911.

Here’s how it was defined in that relic of another age: *The Encyclopedia Britannica*: “Michels came to the conclusion that the formal organization of bureaucracies inevitably leads to oligarchy, under which organizations originally idealistic and democratic eventually come to be dominated by a small, self-serving group of people who achieved positions of power and responsibility. This can occur in large organizations because it becomes physically impossible for everyone to get together every time a decision has to be made.”

So, oligarchies have been with us seemingly forever. It’s an “iron law,” says Michels, but in current usage the term references the small elite the 1 percent of the 1 percent that dominates economic and political decision-making.

Everybody on the liberal left is now discovering information spelled out in a number of studies that caught the attention of Bill Moyers and his writing colleague Michael Winship. They discuss the way governments become partial to oligarchs and insure that the rich rule:

“Inequality is what has turned Washington into a protection racket for the one percent. It buys all those goodies from government: Tax breaks. Tax havens (which allow corporations and the rich to park their money in a no-tax zone). Loopholes. Favors like carried interest. And so on. As Paul Krugman writes in [his New York Review of Books essay](#) on Thomas Piketty’s *Capital in the*

Twenty-First Century, 'We now know both that the United States has a much more unequal distribution of income than other advanced countries and that much of this difference in outcomes can be attributed directly to government action.'

According to the AFL-CIO, "CEOs of major companies earn an average of 331 times more than their employees!" The New York Times reports America's middle class is "no longer the world's richest."

Asking if democracy can "tame" plutocracy, Bob Borosage of the Campaign for America's Future, cites another study: "A recent exhaustive study by Martin Gilens and Benjamin I. Page found that elites got their way not often, but virtually all of the time." [emphasis mine] I guess the answer to his question regarding the possibility of "taming" plutocrats is, in the current moment, a thundering "NO."

Even the barons of business news admit that wealth is concentrated as almost never before, Here's Bloomberg News: "Just today, the world's 200 richest people made \$13.9 billion." In one single day, according to Bloomberg's Billionaires Index.

This is the Fed's "wealth effect." It's a construct that Alan Greenspan's Federal Reserve conjured up out of thin air and presented to the incredulous American people as a valid economic theory. Greenspan's successor, Ben Bernanke, then promoted it to the Fed's stated *raison d'être*. His theory: if we immensely enrich the richest few thousand people in the world during years of bailouts, money-printing and interest-rate repression, everyone would be happy somehow.

Adding critical firepower to this perspective, Eric Zuesse, cites the study to appear in the Fall 2014 issue of the academic journal *Perspectives on Politics*, that finds that "the U.S. is no democracy, but instead an oligarchy, meaning profoundly corrupt, so that the answer to the study's opening question, 'Who governs? Who really rules?' in this country, is:

"Despite the seemingly strong empirical support in previous studies for theories of majoritarian democracy, our analyses suggest that majorities of the American public actually have little influence over the policies our government adopts. When the preferences of economic elites and the stands of organized interest groups are controlled for, the preferences of the average American appear to have only a minuscule, near-zero, statistically non-significant impact upon public policy.'

"To put it short: The United States is no democracy, but actually an oligarchy."

The underlying research for this study, authored by Martin Gilens and Benjamin I. Page, drew on "a unique data set that includes measures of the key variables

for 1,779 policy issues,” Zuesse noted.

Much of this involves what economist Simon Johnston calls the “capture” of the state by corporate interests. He explains in a recent post: “Before 1939, wages and profits in the financial sector in the United States amounted to less than 1% of GDP; now they stand at 7-8% of GDP. In recent decades, financial assets have expanded dramatically relative to any measure of economic activity, as life expectancy increased and the post-WWII baby boomers began to think about saving for retirement. Compared to the size of the US economy, individual banks are now much bigger than they were in the early 1990’s.”

Sounds pretty frightening and depressing, but none of us should be shocked by these findings. Last year, I did a TV documentary series, *Who Rules America*, based, in part, on the writings of C. Wright Mills on *The Power Elite* years ago and the detailed research by sociologist William Domhoff who forecast these trends.

As the economy changes, so does internal politics, as Tom Lodge observes in the case of South Africa: “the degenerative changes that are observed within the ANC appear to reflect a global trend in which mass parties are being replaced by electoral machines that depend less and less upon militant activism” and more on transactional exchanges between the electorate and the political elite.

In this restrictive political frame, how can ordinary people effectively address their government for change? It behooves us to lobby our media to start reporting on the world as it is, not what it was, when today’s senior editors grew up, believing in the myths of American pluralism. And, now, disregarding who really has, and wields, power.

News Dissector Danny Schechter blogs at Newsdissector.net, and edits Mediachannel.org. His latest book is *When South Africa Called, We Answered, How Solidarity Helped Topple Apartheid*. (2014). Comments to dissector@mediachannel.org

The Liberal Idiocy on Russia/Ukraine

Exclusive: American pundits are often more interested in scoring points against their partisan rivals than in the pain that U.S. policies inflict on people in faraway lands, as columnists Paul Krugman and Thomas L. Friedman are showing regarding Russia and Ukraine, writes Robert Parry.

By Robert Parry

Among honest and knowledgeable people, there really isn't much doubt about what happened in Ukraine last winter. There was a U.S.-backed coup which ousted a constitutionally elected president and replaced him with a regime more in line with U.S. interests. Even some smart people who agree with the policy of going on the offensive against Russia recognize this reality.

For instance, George Friedman, the founder of the global intelligence firm Stratfor, was quoted in [an interview](#) with the Russian liberal business publication Kommersant as saying what happened on Feb. 22 in Kiev the overthrow of President Viktor Yanukovich "really was the most blatant coup in history."

Brushing aside the righteous indignation and self-serving propaganda, Stratfor's Friedman recognized that both Russia and the United States were operating in what they perceived to be their own interests. "The bottom line is that the strategic interests of the United States are to prevent Russia from becoming a hegemon," he said. "And the strategic interests of Russia are not to allow the U.S. close to its borders."

Another relative voice of reason, at least on this topic, has been former Secretary of State Henry Kissinger who in [an interview](#) with Der Spiegel dismissed Official Washington's conventional wisdom that Russian President Vladimir Putin provoked the crisis and then annexed Crimea as part of some diabolical scheme to reclaim territory lost when the Soviet Union collapsed in 1991.

"The annexation of Crimea was not a move toward global conquest," the 91-year-old Kissinger said. "It was not Hitler moving into Czechoslovakia" as former Secretary of State Hillary Clinton had suggested.

Kissinger noted that Putin had no intention of instigating a crisis in Ukraine: "Putin spent tens of billions of dollars on the Winter Olympics in Sochi. The theme of the Olympics was that Russia is a progressive state tied to the West through its culture and, therefore, it presumably wants to be part of it. So it doesn't make any sense that a week after the close of the Olympics, Putin would take Crimea and start a war over Ukraine."

Instead Kissinger argued that the West with its strategy of pulling Ukraine into the orbit of the European Union was responsible for the crisis by failing to understand Russian sensitivity over Ukraine and making the grave mistake of quickly pushing the confrontation beyond dialogue.

While the comments by Henry Kissinger and Stratfor's Friedman reflect the reality of what demonstrably happened in Ukraine, an entirely different "reality" exists in Official Washington. (Note that both interviews were carried

in foreign, not U.S. publications.) In the United States, across the ideological spectrum, the only permitted viewpoint is that a crazed Putin launched a war of aggression against his neighbors and must be stopped.

Facts, such as the declaration in September 2013 from a leading neocon, National Endowment for Democracy President Carl Gershman, that Ukraine was “the biggest prize” and an important step toward ousting Putin in Russia, do not fit into this story frame. [See Consortiumnews.com’s [“A Shadow U.S. Foreign Policy.”](#)]

Nor do the comments of neocon Assistant Secretary of State for European Affairs Victoria Nuland, who was caught in [a pre-coup phone call](#), handpicking Ukraine’s future leaders and discussing how to “glue this thing.” Nor her public statements about the United States investing \$5 billion in Ukraine’s “European aspirations.”

White Hats, Black Hats

Instead of dealing with what actually happened in Ukraine, U.S. pundits and politicians from conservative to liberal have bought into a fantasy version of events in which the coup-makers all wore white hats and the elected president and his eastern Ukrainian supporters along with Putin all wore black hats.

But there are, as always, rhetorical differences across the U.S. partisan liberal-conservative divide. On Ukraine, the American Right urges an escalation of military tensions against Russia while chiding President Barack Obama for weakness (when compared with Putin’s toughness) and liberals cheer on Obama’s supposed success in driving the Russian economy into a painful recession while accusing the Right of having a man-crush on Putin.

This liberal “theme” of jabbing the Right for its alleged love of Putin takes the Right’s comments about his forcefulness out of context, simply to score a political point. But the Right-loves-Putin charge has become all the rage with the likes of Paul Krugman, Thomas L. Friedman and other liberals who are bubbling with joy over the economic suffering being inflicted on the people of Russia and presumably eastern Ukraine.

Krugman, who is quickly jettisoning his reputation for thoughtfulness, published [a second column](#) on this topic in a row, showing that he has fully bought into all the propaganda “themes” emanating from the U.S. State Department and the compliant U.S. mainstream news media.

In Krugman’s mind, it was Putin who instigated the crisis with the goal of plundering Ukraine. Operating from that false hypothesis, Krugman then spins off this question: “why did Mr. Putin do something so stupid? The answer is obvious if you think about Mr. Putin’s background. Remember, he’s an ex-K.G.B. man,

which is to say, he spent his formative years as a professional thug. Violence and threats of violence, supplemented with bribery and corruption, are what he knows.

“And for years he had no incentive to learn anything else: High oil prices made Russia rich, and like everyone who presides over a bubble, he surely convinced himself that he was responsible for his own success. At a guess, he didn’t realize until a few days ago that he has no idea how to function in the 21st century.”

But Krugman is not only operating from a false hypothesis the reality was that the Ukraine crisis was forced on Putin, not that he went seeking it Krugman also has a simplistic view of the KGB, which, like the American CIA, certainly had its share of thugs but also had a significant number of smart analysts. Some of those KGB analysts were in the forefront of recognizing the need for the Soviet Union to reform its economy and to reach out to the West.

Putin was generally allied with the KGB faction which favored “convergence” with the West, a Russian attitude that dates back to Peter the Great, seeking Russia’s acceptance as part of Europe rather than being shunned by Europe as part of Asia.

Putin himself pined for the day when Russia would be accepted as a part of the First World with G-8 status and other big-power accoutrements. I’m told he took great pride in his success helping President Obama in 2013 resolve crises with Syria over the mysterious sarin-gas attack and with Iran over its nuclear program.

As Kissinger noted, Putin’s hunger for Western acceptance was the reason he obsessed so much over the Sochi Olympics and even neglected the festering political crisis in neighboring Ukraine.

In other words, Paul Krugman doesn’t know what he’s talking about regarding Ukraine. His stab at offering a geopolitical analysis suffers from what an economist should recognize as “garbage in, garbage out.” [See also Consortiumnews.com’s [“Krugman Joins the Anti-Putin Pack.”](#)]

A Spreading Idiocy

Still, this liberal mindlessness appears to be catching. On Sunday, the New York Times’ star columnist Thomas L. Friedman weighed in with his own upside-down [analysis](#), smirking about the economic suffering now being felt by average Russians because of the U.S.-led sanctions and the Saudi-spurred collapse of oil prices.

Friedman wrote: "In March, the House Intelligence Committee chairman, Mike Rogers, was asked on 'Fox News Sunday' how he thought President Obama was handling relations with Russia versus how President Vladimir Putin had been handling relations with the United States. Rogers responded: 'Well, I think Putin is playing chess, and I think we're playing marbles. And I don't think it's even close.'

"Hmmm. Marbles. That's an interesting metaphor. Actually, it turns out that Obama was the one playing chess and Putin was the one playing marbles, and it wouldn't be wrong to say today that Putin's lost most of his, in both senses of the word."

Ha-ha-ha. Putin has lost his marbles! So clever! Perhaps it also wouldn't be wrong to say that Tom Friedman has lost any credibility that he ever had by getting pretty much every international crisis wrong, most notably the U.S. invasion of Iraq in 2003 when he was just as smarmy in paving the way for that bloody catastrophe.

Washington Post liberal columnist E.J. Dionne Jr. also joined in the "group think" on Monday, writing "even some of [Obama's] older bets were paying off. The Russian economy is reeling from sanctions imposed in response to its invasion of Ukraine (and from low oil prices). An approach seen by its critics as not tough enough is beginning to show its teeth."

Beyond the propagandistic quality of these columns refusing to recognize the complex reality of what actually happened in Ukraine, including the overwhelming referendum by the voters of Crimea to secede from Ukraine and rejoin Russia there is this disturbingly smug pleasure at how the U.S. actions are hurting the people of Russia.

Whatever you think of Putin, a key reason why he has remained so popular is that he brought some stability to the Russian economy after the "shock therapy" days of plunder under Boris Yeltsin when many Russians were pushed to the brink of starvation. Putin pushed back against some of the corrupt oligarchs who had amassed vast power under Yeltsin (while also striking alliances with others).

But the cumulative effect of a more stable Russian economy was that a fragile middle class was taking shape in a country that has notoriously failed to generate one over the centuries. Because of the U.S.-backed coup in Ukraine, which essentially forced Putin's response and then led to Obama's sanctions, the Russian middle class is losing its modest savings as the ruble's value collapses.

In other words, the part of Russia's population that could best propel Russia

toward a more democratic and progressive future is being dismantled, in part, by punitive U.S. policies while liberals Krugman, Friedman and Dionne celebrate.

Insider Rivalries

What really seems to matter to these pundits is getting a shot in at their conservative rivals, not the fate of average Russians. This attitude reminded me of an earlier phase of these mindless liberal-conservative food fights in 1990 when conservative Robert Novak looked for ways to resolve Iraq's invasion of Kuwait by accepting Saddam Hussein's private offers to withdraw rather than resorting to war.

Yet, when Novak appeared on CNN's "Capital Gang," Al Hunt, a centrist who played the role of liberal pundit on the show, ridiculed the old "Prince of Darkness" for his uncharacteristic peaceful bent. Hunt hung the nickname "Neville Novak" around Novak's neck, comparing him to British Prime Minister Neville Chamberlain who sought to appease Adolf Hitler before World War II.

When I later asked Hunt why he had derided Novak for looking at more peaceful solutions to an international crisis, Hunt defended the "Neville Novak" line by noting all the times that Novak had baited opponents for their softness against communism. "After years of battling Novak from the left, to have gotten to his right, I enjoyed that," Hunt said.

Yet, the human consequences from the failure to resolve the Kuwait crisis peacefully have been almost incalculable. Beyond the hundreds of U.S. and coalition deaths and the tens of thousands of Iraqi soldiers and civilians killed, the Persian Gulf War set the stage for a decade of harsh economic sanctions against Iraq and marked a turning point for Saudi Osama bin Laden to begin targeting the United States.

Arguably, if Novak had been listened to if Hussein's peace feelers had been taken seriously history might have taken a very different and less violent course. However, among Washington's insiders, it seems that nothing is more important than their sparring with each other, in television and in print.

Now, these liberal columnists are enjoying bashing conservatives over their supposed love of Putin and their tolerance for Putin's "invasion" of Ukraine. Not only are the likes of Paul Krugman, Thomas L. Friedman and E.J. Dionne Jr. spreading dangerous propaganda, they are setting the stage for a new Cold War and possibly even a nuclear confrontation.

Investigative reporter Robert Parry broke many of the Iran-Contra stories for The Associated Press and Newsweek in the 1980s. You can buy his latest book, *America's Stolen Narrative*, either in [print here](#) or as an e-book (from [Amazon](#)

and [barnesandnoble.com](https://www.barnesandnoble.com)). For a limited time, you also can order Robert Parry's trilogy on the Bush Family and its connections to various right-wing operatives for only \$34. The trilogy includes *America's Stolen Narrative*. For details on this offer, [click here](#).

Krugman Joins the Anti-Putin Pack

Exclusive: Official Washington's "group think" on the Ukraine crisis now has a totalitarian feel to it as "everyone who matters" joins in the ritualistic stoning of Russian President Putin and takes joy in Russia's economic pain, with liberal economist Paul Krugman the latest to hoist a rock, reports Robert Parry.

By Robert Parry

When America's opinion-making herd gets running, it's hard for anyone to get in the way regardless of how erroneous or unfair the reason for the stampede. It's much easier and career-wise safer to join the pack, which is what New York Times columnist Paul Krugman has done regarding Russia, Ukraine and Vladimir Putin.

In the latest example of the New York Times' endless Putin-bashing, Krugman begins [his Friday column](#) with what you might call a "negative endorsement" of the Russian president by claiming that ex-New York Mayor Rudy Giuliani has "an embarrassing crush on the swaggering statesman."

But Krugman misleads his readers. Giuliani wasn't really praising Putin when he said "that is what you call a leader" in commenting on Putin's decisiveness. Some liberal defenders of President Barack Obama simply cherry-picked the quote to counter Giuliani's attempt to disparage Obama by comparing Obama's chronic indecisiveness to Putin's forcefulness.

In [the fuller context](#), Giuliani was not expressing a fondness for Putin at all. Indeed, he disparaged the Russian leader as "a bully" and urged a tough-guy response to Putin over Ukraine. "Instead of him pushing us around, we push him around," Giuliani said in the Fox News interview. "That's the only thing a bully understands."

So, why did Krugman begin his Putin-bashing column by misrepresenting what Giuliani was saying? It may have been a form of "negative endorsement." Since many American liberals hate Giuliani, Giuliani's praise is supposed to translate into liberal hatred for Putin.

But "negative endorsements" are inherently unfair. Just because Josef Stalin

might have liked Franklin Roosevelt and because we may hate Stalin, that doesn't mean we should hate Roosevelt, too. The use of "negative endorsement" is akin to guilt by association. And, in this case, Krugman was playing fast and loose with the facts as well

Krugman also opts for some of the most hyperbolic language that has been used in the U.S. mainstream media to distort events in Ukraine. For instance, Krugman claims that "Mr. Putin invaded Ukraine without debate or deliberation." But that really isn't true either.

The Ukraine crisis is far more complicated and nuanced than that, as Krugman must know. If he doesn't, he should consult with fellow Princeton professor Stephen F. Cohen, who has bravely challenged the prevailing "group think" on both Ukraine and Russia.

Cohen, one of America's premier Russia experts, has even warned that "American media coverage of Vladimir Putin has so demonized him that the result may be to endanger U.S. national security.

"[M]ainstream press reporting, editorials and op-ed articles have increasingly portrayed Putin as a czar-like 'autocrat,' or alternatively a 'KGB thug,' who imposed a 'rollback of democratic reforms' under way in Russia when he succeeded Boris Yeltsin as president in 2000. He installed instead a 'venal regime' that has permitted 'corruptionism,' encouraged the assassination of a 'growing number' of journalists and carried out the 'killing of political opponents.' Not infrequently, Putin is compared to Saddam Hussein and even Stalin."

Yet, Cohen said, "there is no evidence that any of these allegations against him are true, or at least entirely true. Most seem to have originated with Putin's personal enemies, particularly Yeltsin-era oligarchs who found themselves in foreign exile as a result of his policies or, in the case of Mikhail Khodorkovsky, in prison. Nonetheless, U.S. media, with little investigation of their own, have woven the allegations into a near-consensus narrative of 'Putin's Russia.'" [For details from Cohen's article, [click here.](#)]

'Shock Therapy'

Indeed, much of what Krugman finds so offensive about Putin's Russia actually stemmed from the Yeltsin era following the collapse of the Soviet Union in 1991 when the so-called Harvard Boys flew to Moscow to apply free-market "shock therapy" which translated into a small number of well-connected thieves plundering Russia's industry and resources, making themselves billionaires while leaving average Russians near starvation.

When Putin succeeded Boris Yeltsin in 2000, Putin challenged some of the

oligarchs and pushed others out of the political arena, while also moderating some of the extreme policies and thus making life somewhat better for the average Russian, thus explaining Putin's broad popularity. Putin could be fairly criticized for not going further, but economist Krugman must surely know this history regarding how the Russian "kleptocracy" got started.

Yet, Krugman slides into the now common demonization of Putin. "Mr. Putin never had the resources to back his swagger," Krugman smugly writes.

"It's quite a comedown for Mr. Putin. And his swaggering strongman act helped set the stage for the disaster. A more open, accountable regime, one that wouldn't have impressed Mr. Giuliani so much, would have been less corrupt, would probably have run up less debt, and would have been better placed to ride out falling oil prices. Macho posturing, it turns out, makes for bad economies."

In other words, Krugman buys into the "group think" that blames Putin's "macho posturing" over Ukraine for the current financial crisis in Russia, which has resulted from falling oil prices as well as the U.S.-led sanctions punishing Russia for its alleged "aggression" in Ukraine.

That puts Krugman in the same camp as the neocons who have pushed the bogus narrative that the megalomaniacal Putin is trying to reconstitute the Russian Empire. The actual facts, however, disprove that narrative. [See Consortiumnews.com's ["The Crazy US 'Group Think' on Russia."](#)]

Putin himself has a much better understanding of recent Russian history and what Official Washington's goals are regarding him and Russia as he explained in an end-of-year news conference on Thursday.

Asked if the economic pain was the price for accepting Crimea back into Russia, Putin responded: "No. This is not the price we have to pay for Crimea. This is actually the price we have to pay for our natural aspiration to preserve ourselves as a nation, as a civilization, as a state.

"I gave an example of our most recognizable symbol. It is a bear protecting his taiga. [M]aybe it would be best if our bear just sat still. Maybe he should stop chasing pigs and boars around the taiga but start picking berries and eating honey. Maybe then he will be left alone.

"But no, he won't be! Because someone will always try to chain him up. As soon as he's chained they will tear out his teeth and claws. In this analogy, I am referring to the power of nuclear deterrence. As soon as God forbid it happens and they no longer need the bear, the taiga will be taken over. And then, when all the teeth and claws are torn out, the bear will be of no use at all. Perhaps they'll stuff it and that's all.

“So, it is not about Crimea but about us protecting our independence, our sovereignty and our right to exist. That is what we should all realize.”

The Neo-Nazi Reality

There is another unpleasant reality about Ukraine that Krugman ignores – its neo-Nazi element – apparently not wanting to be out of step with his New York Times colleagues who have studiously looked the other way. Again, Krugman could learn something from his fellow Princeton professor Cohen, who has recounted the grim facts about neo-Nazism in Ukraine, facts that would put Putin’s supposed “invasion” in defense of Ukraine’s ethnic Russians in a different light.

In an article for The Nation magazine, Cohen wrote: “Independent Western scholars have documented the fascist origins, contemporary ideology and declarative symbols of Svoboda and its fellow-traveling Right Sector. Both movements glorify Ukraine’s murderous Nazi collaborators in World War II as inspirational ancestors. Both, to quote Svoboda’s leader Oleh Tyahnybok, call for an ethnically pure nation purged of the ‘Moscow-Jewish mafia’ and ‘other scum,’ including homosexuals, feminists and political leftists.

“And both hailed the Odessa massacre [on May 2 when ethnic Russian protesters were trapped in the Trade Union building and burned alive]. According to the website of Right Sector leader Dmytro Yarosh, it was ‘another bright day in our national history.’ A Svoboda parliamentary deputy added, ‘Bravo, Odessa. Let the Devils burn in hell.’

“If more evidence is needed, in December 2012, the European Parliament decried Svoboda’s ‘racist, anti-Semitic and xenophobic views [that] go against the EU’s fundamental values and principles.’ In 2013, the World Jewish Congress denounced Svoboda as ‘neo-Nazi.’ Still worse, observers agree that Right Sector is even more extremist.

“In December 2012, a Svoboda parliamentary leader anathematized the Ukrainian-born American actress Mila Kunis as ‘a dirty kike.’ Since 2013, pro-Kiev mobs and militias have routinely denigrated ethnic Russians as insects (‘Colorado beetles,’ whose colors resemble a sacred Russia ornament). More recently, the US-picked prime minister, Arseniy Yatsenyuk, referred to resisters in the Southeast as ‘subhumans.’ His defense minister proposed putting them in ‘filtration camps,’ pending deportation, and raising fears of ethnic cleansing.

“Yulia Tymoshenko, a former prime minister, titular head of Yatsenyuk’s party and runner-up in the May presidential election, was overheard wishing she could ‘exterminate them all [Ukrainian Russians] with atomic weapons.’ ‘Sterilization’ is among the less apocalyptic official musings on the pursuit of a purified

Ukraine.”

By leaving out this troubling context, it’s much easier to mislead Americans about what is actually happening in Ukraine. Instead of understanding Russia’s interest in protecting ethnic Russians in eastern Ukraine from these brutal neo-Nazis, the crisis can simply be presented as Putin’s “aggression” or as Krugman says how “Mr. Putin invaded Ukraine.” [For an earlier case of Krugman’s distortions on Ukraine, [click here.](#)]

More fitting Krugman’s expertise about the dangers of free-market extremism, he might do better looking at the consequences of those strategies on both Russia and Ukraine, where corrupt oligarchs also took power and have now moved to the center of Ukraine’s U.S.-backed regime.

And, if Krugman wants some current example of cronyism, he might look at the curious case of Natalie Jaresko, a former U.S. diplomat who parlayed \$150 million in U.S. AID funds designed to help Ukraine develop an investment-based economy into a personal fortune and now into the post of Ukraine’s new Finance Minister.

According to corporate records, the U.S. government-funded investment project for Ukraine involved substantial insider dealings by Jaresko, including \$1 million-plus fees to a management company that she also controlled. Meanwhile, the \$150 million stake provided by the U.S. taxpayers appears to have dwindled to less than \$100 million. [See Consortiumnews.com’s [“Ukraine’s Made-in-the-USA Finance Minister.”](#)]

But critical reporting about the U.S.-backed Ukrainian regime would violate Official Washington’s narrative that prefers the Kiev authorities to be dressed in white hats while Vladimir Putin wears the black hat.

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The Powerful ‘Group Think’ on Ukraine

Exclusive: Official Washington’s “group think” on Ukraine blaming everything on

Russian President Putin is so dominant that even independent thinkers like Paul Krugman get sucked into the collective misinformation, reports Robert Parry.

By Robert Parry

When even smart people like economist Paul Krugman buy into the false narrative about the Ukraine crisis, it's hard to decide whether to despair over the impossibility of America ever understanding the world's problems or to marvel at the power of the U.S. political/media propaganda machine to manufacture its own reality.

On Monday, Krugman's New York Times column accepts the storyline that Russia's President Vladimir Putin instigated the Ukraine crisis and extrapolates from that "fact" the conclusion that perhaps the nefarious Putin did so to engineer a cheap land grab or to distract Russians from their economic problems.

"Delusions of easy winnings still happen," Krugman wrote. "It's only a guess, but it seems likely that Vladimir Putin thought that he could overthrow Ukraine's government, or at least seize a large chunk of its territory, on the cheap, a bit of deniable aid to the rebels, and it would fall into his lap. ...

"Recently Justin Fox of the Harvard Business Review suggested that the roots of the Ukraine crisis may lie in the faltering performance of the Russian economy. As he noted, Mr. Putin's hold on power partly reflects a long run of rapid economic growth. But Russian growth has been sputtering, and you could argue that the Putin regime needed a distraction."

Or you could look at the actual facts of how the Ukraine crisis began and realize that it was the West, not Russia, that instigated this crisis. Putin's response has been reactive to what he perceives as threats posed by the violent overthrow of elected President Viktor Yanukovich and the imposition of a new Western-oriented regime hostile to Moscow and Ukraine's ethnic Russians.

Last year, it was the European Union that was pushing an economic association agreement with Ukraine, which included the International Monetary Fund's demands for imposing harsh austerity on Ukraine's already suffering population.

Political and propaganda support for the EU plan was financed, in part, by the U.S. government through such agencies as the National Endowment for Democracy.

When Yanukovich recoiled at the IMF's terms and opted for a more generous \$15 billion aid package from Putin, the U.S. government ratcheted up its support for mass demonstrations aimed at overthrowing Yanukovich and replacing him with a new regime that would sign the EU agreement and accept the IMF's demands.

As the crisis deepened early this year, Putin was focused on the Sochi Winter

Olympics, particularly the threat of terrorist attacks on the games. No evidence has been presented that Putin was secretly trying to foment the Ukraine crisis. Indeed, all the evidence is that Putin was trying to protect the status quo, support the elected president and avert a worse crisis.

Moscow supported Yanukovich's efforts to reach a political compromise, including a European-brokered agreement for early elections and reduced presidential powers. Yet, despite those concessions, neo-Nazi militias surged to the front of the protests on Feb. 22, forcing Yanukovich and many of his officials to flee for their lives. The U.S. State Department quickly recognized the coup regime as "legitimate."

Since the new regime also took provocative steps against the ethnic Russians (such as the parliament voting to ban Russian as an official language), resistance arose to the coup regime in the east and south. In Crimea, voters opted overwhelmingly to secede from Ukraine and rejoin Russia, a process supported by Russian troops stationed in Crimea under a prior agreement with Ukraine's government.

There was no Russian "invasion," as the New York Times and other mainstream U.S. news outlets claimed. The Russian troops were already in Crimea assigned to Russia's historic naval base at Sebastopol. Putin agreed to Crimea's annexation partly out of fear that the naval base would otherwise fall into NATO's hands and pose a strategic threat to Russia.

But the key point regarding Krugman's speculation about Putin provoking the crisis so he could seize territory or distract Russians from economic troubles is that Putin only annexed Crimea because of the ouster of Yanukovich. If Yanukovich had not been overthrown, there is no reason to think that Putin would have done anything regarding Crimea or Ukraine.

It's also true that the Feb. 22 coup was partly engineered by the U.S. government led by Assistant Secretary of State for European Affairs Victoria Nuland, who had been an adviser to Vice President Dick Cheney and who is married to arch-neocon Robert Kagan, one of the intellectual authors of the U.S. invasion and occupation of Iraq.

Before the Ukraine coup, Nuland, was caught in a phone conversation plotting with the U.S. ambassador to Ukraine about who should replace Yanukovich. After the coup, her choice "Yats" or Arseniy Yatsenyuk emerged as the new prime minister and then shepherded through the IMF austerity plan.

But resistance to Kiev's new rulers soon emerged in eastern Ukraine, which had been Yanukovich's political base and stood to lose the most from Ukraine's

economic orientation toward Europe and reduced economic ties to Russia. Yet, instead of recognizing these understandable concerns of the eastern Ukrainians, the Western media portrayed the ethnic Russians as simply Putin's pawns with no minds of their own.

I'm told that Moscow has provided some covert support for the eastern Ukrainian rebels (mostly light weapons), but that Putin has favored a political settlement (similar to what has been proposed by German Chancellor Angela Merkel). The deal would grant eastern Ukraine more autonomy and accept Russia's annexation of Crimea in exchange for peace in the east and some financial support from Russia for the Kiev government.

Yet, whatever anyone thinks of Putin or the proposed peace deal, it is simply inaccurate to assert a narrative claiming that Putin provoked the current crisis in Ukraine. The opposite is much closer to the truth. It is thus misguided for Krugman or anyone else to extrapolate from this false premise to deduce Putin's "motives."

Krugman, who has been one of the few rational voices on issues of global economics in recent years, should know better than anyone how a mistaken "group think" can create assumptions that will lead inevitably to wrongheaded conclusions.

Investigative reporter Robert Parry broke many of the Iran-Contra stories for The Associated Press and Newsweek in the 1980s. You can buy his new book, *America's Stolen Narrative*, either in [print here](#) or as an e-book (from [Amazon](#) and [barnesandnoble.com](#)). For a limited time, you also can order Robert Parry's trilogy on the Bush Family and its connections to various right-wing operatives for only \$34. The trilogy includes *America's Stolen Narrative*. For details on this offer, [click here](#).

Are US Banks Still 'Too Big to Fail'?

The U.S. economy's long slog back from the 2008 financial crisis has tried to ignore the looming question of whether a repeat is likely. Some economists think the Dodd-Frank reforms have largely ended "too big to fail" risk-taking but others aren't so sure, as Michael Winship notes.

By Michael Winship

Analyzing a government report is like eating and digesting a meal, better to take it slowly than gobble quickly and suffer the possible consequences.

Example: last Thursday's report from the Government Accountability Office (GAO) on whether or not large financial institutions were still perceived as "too big to fail."

The immediate takeaway by many in the media, government and investment community was that the need for a taxpayer subsidy like the bailouts of 2008 "may have declined or reversed in recent years" and, in the words of Mary J. Miller, the Treasury Department's under secretary for domestic finance, "We believe these results reflect increased market recognition of what should now be evident Dodd-Frank ended 'too big to fail' as a matter of law."

But with just a little time to digest the GAO's findings, much of the response has shifted to, "Not so fast."

On the day of the report's release, Sen. Sherrod Brown, D-Ohio, who, with Sen. David Vitter, R-Louisiana, requested the GAO analysis and co-sponsors the Terminating Bailouts for Taxpayer Fairness Act, held hearings.

Stanford University economist Anat Admati, a recent guest on *Moyers & Company*, testified that, "The main problem with the guarantees is they reinforce and create perverse incentives and intensify the conflicts of interest between the banks and the rest of society. Requiring that banks fund themselves so that those who benefit from the upside of risk bear more of its downside brings about more safety and corrects distortions."

In *The New York Times*, columnist Gretchen Morgenson writes, "Six years after the financial crisis, it's clear that some institutions remain too complex and interconnected to be unwound quickly and efficiently if they get into trouble.

"It is also clear that this status confers financial benefits on those institutions. Stated simply, there is an enormous value in a bank's ability to tap the taxpayer for a bailout rather than being forced to go through bankruptcy."

Morgenson adds, "Were we to return to panic mode, the value of the implied taxpayer backing would rocket. The threat of high-taxpayer bailouts remains very much with us."

Financial professionals echo her concern. Camden Fine, president and CEO of the Independent Community Bankers of America, notes in *American Banker* (not without self-interest) that while the size of big bank subsidies may have "diminished since the crisis the larger point is that the biggest and riskiest financial firms still have a competitive advantage in the marketplace. They can still access subsidized funding more cheaply than smaller financial firms because creditors believe the government would bail them out in the event of a crisis.

No matter how you cut it, a subsidy is a subsidy. And this subsidy is one that puts the American taxpayer on the hook.

“Meanwhile, the largest financial institutions are only getting bigger. According to our analysis of call report data from the Federal Deposit Insurance Corp., since the end of 2009, the assets of the six largest financial institutions have grown each year. Their total assets rose from \$6.41 trillion in 2009 to \$7.22 trillion in 2014, a total increase of \$800 billion. The top six banks are also responsible for more than half of the \$2 trillion increase in total U.S. banking assets in the years since 2009.”

In those same pages, Mayra Rodriguez Valladares, managing principal at a capital markets and financial regulatory consulting firm, is concerned that there are “signs that banks have failed to learn from the detrimental effects of the global credit crisis and pleas from bank regulators. This year, large banks are loosening their credit underwriting standards and are extending leveraged loans to companies.

“Additionally, large banks continue to exhibit incredibly weak operational risk management. Operational risk is the threat of a breach in the day-to-day running of a business because of people, processes, systems, and external events. Since big banks have yet to make ethics a top priority, not a day goes by that one does not see examples of operational risk. Market rate manipulations and incorrect foreclosure procedures continue to plague banks and their reputation.”

She concludes, “As the U.S. economy continues to grow and the financial crisis is relegated to the dustbin of history, big banks are taking bigger chances. The challenge for regulators now is to remember that when the party gets going, it is difficult to stop the champagne flowing.”

Gretchen Morgenson’s colleague at the *Times*, Paul Krugman, has a more positive point of view, while asking the crucial question, “How do you rescue a banking system without rewarding bad behavior?”

“The answer is that the government should seize troubled institutions when it bails them out, so that they can be kept running without rewarding stockholders or bondholders who don’t need rescue. In 2008 and 2009, however, it wasn’t clear that the Treasury Department had the necessary legal authority to do that. So Dodd-Frank filled that gap, giving regulators Ordinary Liquidation Authority, also known as resolution authority, so that in the next crisis we can save ‘systemically important’ banks and other institutions without bailing out the bankers.”

The GAO report, he writes, “suggests that reform has done at least part of what it was supposed to do Wall Street and its allies wouldn’t be screaming so loudly, and spending so much money in an effort to gut [Dodd-Frank], if it weren’t an important step in the right direction.”

Nonetheless, as Senators Brown and Vitter stated, “Today’s report confirms that in times of crisis, the largest megabanks receive an advantage over Main Street financial institutions. Wall Street lobbyists may try to spin that the advantage has lessened. But if the Army Corps of Engineers came out with a study that said a levee system works pretty well when it’s sunny, but couldn’t be trusted in a hurricane, we would take that as evidence we need to act.”

Michael Winship is the Emmy Award-winning senior writer of Moyers & Company and BillMoyers.com, and a senior writing fellow at the policy and advocacy group Demos.

The Iron Law of Oligarchy Returns

America likes to think of itself as a land of the Great Middle Class with a government “of, by and for the people.” But that reality has changed drastically over the past several decades, as money and power have created a dominant American Oligarchy, writes Danny Schechter.

By Danny Schechter

The word “Oligarchy” has finally come home. For years, it was a term only used in connection with those big bad and sleazy Mafioso-type businessmen in Russia. Russia had Oligarchs; we didn’t. That became a big difference between the official narrative of what separated our “land of the free and the home of the brave” from “them” in the post-Soviet period.

Actually, I first heard the term “oligarchy” when I was studying labor history at Cornell half a lifetime ago. We were taught about something called the “Iron Law of Oligarchy.” It was a concept coined by Robert Michels, a friend of sociology guru, Max Weber, way back in 1911. Here’s how it was defined in that relic of another age: *The Encyclopedia Britannica*:

“Michels came to the conclusion that the formal organization of bureaucracies inevitably leads to oligarchy, under which organizations originally idealistic and democratic eventually come to be dominated by a small, self-serving group of people who achieved positions of power and responsibility. This can occur in large organizations because it becomes physically impossible for everyone to get

together every time a decision has to be made.”

So, oligarchies have been with us seemingly forever. It’s an “iron law,” says Michels, but in current usage the term references the small elite the 1 percent of the 1 percent that dominates economic and political decision-making.

Everybody on the liberal left is now discovering information spelled out in a number of studies that caught the attention of Bill Moyers and his writing colleague Michael Winship. They discuss the way governments become partial to oligarchs and insure that the rich rule:

“Inequality is what has turned Washington into a protection racket for the one percent. It buys all those goodies from government: Tax breaks. Tax havens (which allow corporations and the rich to park their money in a no-tax zone). Loopholes. Favors like carried interest. And so on. As Paul Krugman writes in his New York Review of Books essay on Thomas Piketty’s *Capital in the Twenty-First Century*, ‘We now know both that the United States has a much more unequal distribution of income than other advanced countries and that much of this difference in outcomes can be attributed directly to government action.’”

According to the AFL-CIO, “CEOs of major companies earn an average of 331 times more than their employees!” The New York Times reports America’s middle class is “no longer the world’s richest.”

Asking if democracy can “tame” plutocracy, Bob Borosage of the Campaign for America’s Future, cites another study: “A recent exhaustive study by Martin Gilens and Benjamin I. Page found that elites got their way not often, but virtually all of the time.” [emphasis mine] I guess the answer to his question regarding the possibility of “taming” plutocrats is, in the current moment, a thundering “NO.”

Even the barons of business news admit that wealth is concentrated as almost never before, Here’s Bloomberg News: “Just today, the world’s 200 richest people made \$13.9 billion.” In one single day, according to Bloomberg’s Billionaires Index.

This is the Fed’s “wealth effect.” It’s a construct that Alan Greenspan’s Federal Reserve conjured up out of thin air and presented to the incredulous American people as a valid economic theory. Greenspan’s successor, Ben Bernanke, then promoted it to the Fed’s stated *raison d’être*. His theory: if we immensely enrich the richest few thousand people in the world during years of bailouts, money-printing and interest-rate repression, everyone would be happy somehow.

Adding critical firepower to this perspective, Eric Zuesse, cites the study to appear in the Fall 2014 issue of the academic journal *Perspectives on Politics*,

that finds that “the U.S. is no democracy, but instead an oligarchy, meaning profoundly corrupt, so that the answer to the study’s opening question, ‘Who governs? Who really rules?’ in this country, is:

“‘Despite the seemingly strong empirical support in previous studies for theories of majoritarian democracy, our analyses suggest that majorities of the American public actually have little influence over the policies our government adopts. When the preferences of economic elites and the stands of organized interest groups are controlled for, the preferences of the average American appear to have only a minuscule, near-zero, statistically non-significant impact upon public policy.’

“To put it short: The United States is no democracy, but actually an oligarchy.”

The underlying research for this study, authored by Martin Gilens and Benjamin I. Page, drew on “a unique data set that includes measures of the key variables for 1,779 policy issues,” Zuesse noted.

Much of this involves what economist Simon Johnston calls the “capture” of the state by corporate interests. He explains in a recent post: “Before 1939, wages and profits in the financial sector in the United States amounted to less than 1% of GDP; now they stand at 7-8% of GDP. In recent decades, financial assets have expanded dramatically relative to any measure of economic activity, as life expectancy increased and the post-WWII baby boomers began to think about saving for retirement. Compared to the size of the US economy, individual banks are now much bigger than they were in the early 1990’s.”

Sounds pretty frightening and depressing, but none of us should be shocked by these findings. Last year, I did a TV documentary series, *Who Rules America*, based, in part, on the writings of C. Wright Mills on *The Power Elite* years ago and the detailed research by sociologist William Domhoff who forecast these trends.

As the economy changes, so does internal politics, as Tom Lodge observes in the case of South Africa: “the degenerative changes that are observed within the ANC appear to reflect a global trend in which mass parties are being replaced by electoral machines that depend less and less upon militant activism” and more on transactional exchanges between the electorate and the political elite.

In this restrictive political frame, how can ordinary people effectively address their government for change? It behooves us to lobby our media to start reporting on the world as it is, not what it was, when today’s senior editors grew up, believing in the myths of American pluralism. And, now, disregarding who really has, and wields, power.

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