

GLOBAL CAPITALISM AS CLASS WARFARE



In the 1980s under Ronald Reagan, [we saw] this mass redistribution of income from the have-nots to the haves. We saw it under George W. We're seeing it again. But there is a difference now. The difference is that American capitalism has exhausted its capacity to reproduce itself through a process of tax cuts—the trickle-up effect of wealth rising from the bottom to the top 0.1 percent. In the 1980s, when Ronald Reagan first applied this kind of tax cut-based policy, the United States was still in control of what I call the recycling of global profits and surpluses. The United States economy was, if you want, the engine of growth internationally. The tax cuts in this country were fueling demand for the net exports of Japan, back then, Germany, Holland, later China. And this was keeping capitalism globally in that state of irrational exuberance.

After 2008, those pyramids collapsed. The American economy does not have that capacity anymore. The increase of the federal budget deficit, that supposedly the Republicans are all against—nevertheless, they are going to boost it magnificently now—are at the very same time as they are antagonizing China, that owns a large chunk of American public debt, which now they're going to keep increasing in order to line the pockets of their mates. You couldn't design a more catastrophic economic policy than that—boosting the budget deficit by lining up the pockets of the rich, continuing to stagnate the incomes of the middle class and the working class, and antagonizing your main creditors.

It's a very dangerous game that the United States administrations of the last 10, 15 years have been playing, by antagonizing China through an alliance with Mr. Abe in Japan and his predecessors. It's a very dangerous game, actually, very irrational game, because the United States completely and utterly depends on China. Let's face it. The only reason why the 2008 collapse of the financial sector did not lead to a Great Depression in this

country is twofold. One is the Fed, that kept printing money, and they're floating the banking sector, Wall Street, down the road from here. And the other is China. The Chinese boosted their own credit production, their own bubble, credit bubble, in China, intentionally, from something like 140 percent of their total income, GDP, to 280 percent. They did this on purpose, because they were facing the prospect of an additional 40 million unemployed people. And by doing this, they stabilized American capitalism, to a very large extent. Now, we have an administration in Washington, D.C., which simultaneously is ganging up with Prime Minister Abe in Japan against China while increasingly needing China to keep rebalancing the global and the American economy. This is precisely what the global economy and the American economy do not need.

It's an out-and-out class war waged against the poorest, the weakest, the disenfranchised

—the very same people that Donald Trump appealed to in order to get elected.

[...]

The Deep State used to be, in the United States- The military-industrial complex, the medical-industrial complex. In Europe, it was the cartel of big business, heavy industry. Recall the first name of the European Union. It was called the European Community for Coal and Steel. So it was like OPEC, the Organization of Petroleum Exporting Countries. It was a cartel for big business.

But then, with the collapse of the Bretton Woods period, after the Nixon shock in 1971, you have the rise of the financial sector. Banks start becoming absolutely significant, far more significant than industries like car-making, like steelmaking, like coal. So, financialization created a new deep establishment that included the

revolving doors, it's happening today as we speak. People from Goldman Sachs took over the Treasury, and then the people who were in the Treasury retired and went to Goldman Sachs and JP Morgan.

So, now we—the deep establishment comprises primarily the banking community, their connections through the revolving doors with the administration in Washington, D.C., in this country, in Brussels and various centers of government, particularly Germany and Paris, in Europe—and the way that they have coopted the systemic media and journalists, who acquire inside information only to the extent that they become functional to the interests of this deep establishment.

In 2010, the Greek state went bankrupt. Let's not get into the reasons as to why it happened. It's a fact, just like Puerto Rico. And the great and the good decided to conceal, fraudulently, that bankruptcy. And the only reason—the only way you can conceal a bankruptcy is by giving a very large loan. So we got the largest loan in human history—not for the Greek people, of course. All of that money was given to us so that we can bail out, we can give it back to the German and the French banks. And this was done fraudulently, because the German and the French leadership, and the Greek leadership, went to the Parliament and effectively said that this was an act of solidarity with the people of Greece, when it was an act of solidarity with the bankers. But, of course, they never told the parliamentarians that this was an act of solidarity with the bankers. And they promised the people—in the German parliament, for instance, Angela Merkel promised the German parliament that this was a loan that was given to Greece for solidaristic purposes, and the Germans would get all their money back, with interest. That was never going to be the case, because when you give a huge amount of money to a bankrupt entity, on conditions of austerity that shrink that entity's income, there's no way you're going to get your money back, not because the debtor doesn't want to give it, but it is absolutely impossible to pay it back, like Puerto Rico today.

And then, of course, once you commit that crime against logic and you lie to your parliament, like Angela Merkel did in the Bundestag, the federal parliament in Berlin, then you're like Macbeth: You commit one crime, you have to commit a second crime to cover up the first crime, and then a third crime. Or, to put it in financial terms, if you try to repay a mortgage by means of a credit card, then you need a second credit card to repay the first credit card, then a third to the second. And I was just trying to get Greece out of that spiral to desertification.

Yanis Varoufakis

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