

August 20th, 2007

Homeland Security: what we need to know that politicians and pundits will never say (VIII)

BY Stan Goff

Part 8

After World War II, the US inherited three M's: **M**ilitary superiority, **M**onetary dominance, and the **M**iddle East. This 3M inheritance would eventually bring us to where we are today... talking about "Homeland Security" as a political device, while our political practice has set us on an unspeakably dangerous course of insecurity.

The United States was in the most advantageous position it would enjoy, in terms of its international power, immediately following the war. Even the period of triumphalism beginning in 1990 with the collapse of the Eastern Bloc, while giving the appearance of a US juggernaut, was more short-lived and more structurally-weak in terms of both domestic economic stability and imperial influence, than the period from 1945-50. (We saw that structural weakness in the dot-com bust of 2000, and we are seeing it again now with the collapse of the housing bubble.)

The United States... [1945-51] remained in a position to dictate the functioning of the International Monetary Fund, by virtue of its veto power in the institution, the magnitude of its gold reserves, its... highly favorable balance of payments that gave it freedom of action within the international financial system, and most of all by the fact that other countries built dollar dependency into their own central bank systems and international reserve policies. This role was implicit in the dollar's role as key currency.

(Hudson, p. 253)

1. Gold reserves
2. Favorable [balance of payments](#)
3. Dollar dominance

At the time, most countries (Britain grudgingly) accepted this system as both necessary and benevolent. So not only was the US in a position of structural economic strength, internationally and domestically, it enjoyed a high degree of international legitimacy. As we move forward in this account, we need to watch the three indicators above. Gold will be abandoned. Unfavorable balance of payments will be used as a non-benevolent exercise of power. Dollar dominance will become dollar hegemony. Legitimacy will be replaced by the resentful obedience of vassal states and the furious hostility of mass movements.

Meanwhile...

The General Agreement on Tariffs and Trade (GATT) — which the Soviets had rejected as a formula for rich nations to extract resources from poor ones ran into not only external resistance but internal resistance as well. The ideology of "free trade" met with substantial Congressional resistance in all those sectors where dropping protectionist measures would threaten US enterprises, *i.e.*, agriculture and auto manufacturing. Neither farmers nor management nor unions were keen to open themselves up to foreign competition.

Bretton Woods met with little resistance because its principle measures were seen as stabilizing, especially the gold-pegged US dollar and the fixed currency exchange rates. Even the double standard implied by US veto power within the International Monetary Fund was accepted by other countries as a reasonable concession for this necessary stability.

The follow-up by Truman, however, was to order a draft document called *Proposals for Expansion of World Trade and Employment*, which strongly suggested establishment of the [International Trade Organization](#) (ITO).

The tricky thing about American imperial practice is that our elections cycles tend to disrupt policy continuity, and electoral demagoguery tends to be self-fulfilling and unstoppable. That's why the really important issues relating to imperial practice are intentionally mystified and kept out of the public eye: like trade policy or the

role of oil in our little war. Public debate on these topics within the echo chambers of Congress and the mainstream press is disruptive of what continuity there is.

When GATT was proposed as the “trading rules” portion of the post-war economic regime, it was the US that would eventually refuse to sign onto it. US participation in GATT was placed under Congressional control on a line-item basis. The universality of the “free trade” ideology reflected in the ITO proposal was, apparently, a little too universal. By 1949, euphoric post-war industrial output machined its way into overproduction. The country waded into a recession; and the fate of the ITO was sealed by demands on Congress from constituents for increased protectionism, especially in agriculture.

Of course, the United States was never prepared to accept the pure principles of the ITO in all its own commercial behavior. Loopholes of American design were built into the Charter to permit the use of import quotas in connection with domestic farm programs and the withdrawal of tariff concessions if imports damaged domestic producers. Shipping was [also] excluded from the Charter...

(Diebold, William Jr., “The End of the ITO, *Essays in International Finance*, No. 16, Princeton, October 1952, p. 31)

At the time, agricultural subsidies and import restrictions were responsive to the needs of many actual farmers. This program, however, would eventually metastasize into the corporate ag-subsidy behemoth we know today, and be [used as a direct weapon of US power projection abroad](#).

Events at the genesis of what was to become GATT... were not propitious. In fact, although GATT is a device of American creation, the United States never even became a full treaty member. It’s participation was by presidential order only, as Congress refused to relinquish its authority to rule upon foreign trade agreements. Consequently, U.S. domestic law predominates over international agreements on trade relations. This is of course the antithesis of international treaty law, which takes precedence over municipal law in all instances. Tentative agreements reached between U.S. trade representatives and the general GATT membership could be repudiated by Congress and often were...

(Hudson, p. 251)

As the United States was feeling its way forward to consolidate its newfound superpower status, the Marxist-Leninist regime of the USSR was taking to heart the message that Truman had sent them at Hiroshima and Nagasaki. Just as Stalin had lashed the Soviet Union through a [forced march to industrialization in preparation for a war with Germany](#); he now began the Soviet version of a Manhattan Project to get a Soviet Bomb.

In 1949, the Union of Soviet Socialist Republics tested [its first atomic bomb](#).

The world had quantum-leaped twice in four years: once into the nuclear weapons era, then again into the nuclear arms race. Humanity was now under a terror that — within only a few more years — could literally cause our species to self-destruct.

With the Soviet Bomb on stage — the USSR having taken US belligerence seriously — the US had entered into a competition for those regions outside its direct influence and control, these “underdeveloped” nations now had an option, albeit a tough one. Both the Soviets and the Americans promised the same thing to potential allies: a poison pill called “development.”

Driving the scientific community further and further into what would become our current cul-de-sac were the twin imperatives of food-leverage (called the [Green Revolution](#)) and weapons development. The era of accelerated technological optimism — even in the face of the atom bomb’s cautionary tale — had begun. Taken completely for granted, and subject to the limited attention span built into US election cycles (to which even the Soviets had to respond), was the material accelerant for this process: oil.

I will argue that the dilemmas that came to the fore with these developments are manifestations (no pun intended) of patriarchy — a system so ubiquitous and deeply rooted that it has taken on the aspect of natural inevitability.

End Part 8