

# **Dubai-gate Deconstructed: The Bush White House as a “Fifth Column”**

**February 23, 2006**

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## **The Fifth Column**

The Bush Administration’s championing of a disastrous war, its grievous neglect of homeland security in New Orleans, and its promotion of a Dubai company to manage key strategic ports all point in one direction. The Bush White House represents a fifth column, an insidious Trojan Horse aimed against not only the American people but also American democracy itself. The state is no longer a tool for rational governance, but a tool of corporate plunder. The ruling corporate elite that has taken over the White House is loyal to a transnational economy and the short term cash nexus. It is in fact the direct extension of that economy into the very workings of government itself. Despite their protestations to the contrary, this parasitic elite is not patriotic. They only use the rhetoric of “patriotism” as a cover for junking civil liberties, wrecking the economy, and enriching their cronies.

The *Wikipedia* Encyclopedia explains the origins of the term “fifth column.” Its first use was in a 1936 radio address by Emilio Mola, a Nationalist general during the Spanish Civil War: “As four of his army columns moved on Madrid, the general referred to his militant supporters within the capital as his ‘fifth column,’ intent on undermining the Republican government from within.” The term has taken on other meanings. It is also used to refer “to a population who are assumed to have loyalties to countries other than the one in which they reside or who supported some other nation in war efforts against the country they lived in.”

## **Parasitical Economy as Political Exchange Value**

According to the Center for Responsive Politics, among the top corporate contributors to George W. Bush’s 2004 presidential campaign were leading transnational interests. Calculating donors based on organizational PACs, corporate members, employees, owners and those in immediate families, the Center identified various corporate sponsors. While these were not direct transfers by the company to each candidate, the transfers do suggest the kind of cultural support system which the company provides that leads to a given donation (for example, John Kerry got far more such large scale donations from university affiliated donors).

In 2004, the lead such donor to Bush’s Presidential campaign was Morgan Stanley interests that gave \$600,480. This highly global operation has over 600 offices in twenty-eight countries.

The next largest corporate group was Merrill Lynch. Their collected contributions were \$580,004 in 2004. While 71% of this company’s revenue originated in the U.S., its orientation was similarly global, with operations in China, Russia, India, Israel and elsewhere. The global markets segment of its operations have grown steadily over the last few years, from \$6.185 billion in 2002 to \$8.211 billion in 2004.

The third ranked corporate group donor to Bush was PricewaterhouseCoopers. They gave \$512,004 to Bush in 2004. In Fiscal Year 2004, the share of aggregated revenues coming from North America and the Caribbean were only 35.0%, declining to 34.8% in Fiscal Year 2005. The company's homepage profiles a report, "Global Integration through Knowledge Process Offshoring," which opens, "The success of offshoring as a delivery model has been clearly established. The journey commenced with organizations relocating business processes, characterized by high-volumes, labor-intensity and support functionality, to low-cost destinations." The report continues by discussing India as "known to export world-class manpower that has become an integral part of the business fabric in global markets." While downplaying the "costs in India for highly qualified knowledge professionals" which are "far lower than their counterparts in the US and in Europe," the report instead highlights an aging Western World and professional shortages. Yet, these shortages are at least partly driven by dilapidated school systems and an underinvestment in infrastructure as well as the writing off of immigrants and ethnic minority groups as part of the underclass. The neoliberal priorities that have robbed the state also make the global market that much more appealing.

### **Corporate Hegemony over Governance**

One could argue that increasingly any company today must go global or go broke. Large scale markets exist overseas. The problem occurs when the pursuit of such markets begins to erode the division between public and private, the workings of government and the workings of a bank or private investment operation. The roots of the problem can be seen at the highest levels of the nation state. The American cabinet resembles and has been reduced to a corporate board of directors. It should be little surprise then that governmental decisions are made based on market logic. Richard Cheney's ties to Halliburton are well known. From 1977 to 1985, Secretary of Defense Donald H. Rumsfeld served as Chief Executive Officer, President, and then Chairman of G.D. Searle & Co., a worldwide pharmaceutical company. Secretary of State Condoleezza Rice has sat on the boards of the Chevron Corporation, the Charles Schwab Corporation, Transamerica Corporation, and Hewlett Packard. Secretary of Commerce Don Evans was the head of the Tom Brown, Inc, energy company. Secretary of Labor Elaine L. Chao was Vice President of Syndications at BankAmerica Capital Markets Group and a banker with Citicorp. Secretary of Energy Samuel W. Bodman was Chairman, CEO, and a Director of the Cabot Corporation. Alphonso Jackson, the Secretary of Housing and Urban Development was President of American Electric Power-TEXAS, a \$13 billion utility company.

The Bush cabinet's ties to corporate American can be compared to those who served for President Roosevelt. Roosevelt's Vice President, Henry A. Wallace was a journalist and farmer. Secretary of War Henry Lewis Stimson was a lawyer. Secretary of State Edward R. Stettinius, Jr. was a Vice President of General Motors, although his rise to this position was based on support for labor benefits. Secretary of Labor Frances Perkins worked with settlement houses and in various government posts.

While Bush's cabinet has included lawyers and governors, as the Roosevelt administration included corporate leaders, the dominance of the Bush cabinet by corporate types is striking. This tendency, accelerated by postwar trends, is certainly not unique to Bush. Rather, the problem is that a short-term corporate mindset has increasingly taken over the way all decisions are framed and policies conceived.

## **Hollowing out the Economy and American Defense**

The United States economy has been sold out to transnational and corporate interests. A report by the Federal Reserve Bank of New York in December of 2005, notes that “by the end of 2004, foreign net claims on the United States amounted to \$2.5 trillion, equivalent to 22 percent of U.S. GDP.” Continuing, the report says that “normally, such a large net liability position would require substantial investment income payments to the rest of the world. Yet, the reverse is true for the United States.” Why? In 2004, the U.S. “earned \$36 billion more on its foreign assets than it paid out to service its foreign liabilities.” A key explanation was that “U.S. firms operating abroad are reportedly far more profitable than foreign firms operating in the U.S.” Large trade deficits continue to challenge the U.S., however, “which now imports vastly more than it exports.”

Patriotic rhetoric and military campaigns conceal corporate and military industrial cronyism. A report in the *Christian Science Monitor* on January 10<sup>th</sup> of this year described a new study by Columbia University professor Joseph E. Stiglitz and Harvard lecturer Linda Bilmes. They concluded that the total costs for the Iraq war could exceed \$2 trillion dollars. This report includes such expenses as the long term healthcare costs for some 16,000 U.S. injured soldiers. Many funds go to defense corporations (included in the other military budget not tied to the wars in Iraq and Afghanistan). While defense contractors benefit from crony capitalism, ports and chemical plants are insecure. All these expenses represents represent opportunity costs against reindustrialization and infrastructure investments.

As noted by Paul Craig Roberts, transnational parasitism and military hegemony are at odds. The military depletionist school, led by economists Seymour Melman, Lloyd J. Dumas, and John Ullmann argued that military expenditures diverted important research and development resources away from civilian developments. Other economists argue that the computer and other strategic industries were nurtured by military procurement, which represents a subsidy to high technology businesses. Nevertheless, U.S. consumer imports and outsourcing provide key capital and spillovers to Chinese manufacturers and military production capacity.

A report by the U.S.-China Economic and Security Review Commission in November 2005, noted that the Pentagon was dependent on a growing globalized private sector for key military technologies. As quoted in the December 12<sup>th</sup>, 2005 *New York Times*, the report notes that: “This is taking place as China’s position at the center for the global technology supply chain grows, raising the prospect of future U.S. dependency on China for certain items critical to the U.S. defense industry as well as vital to continued economic leadership.” Companies who have driven such strategic Chinese investments included Intel, Motorola, Cisco Systems and Microsoft. In sum, it will be increasingly difficult for Bush’s transnational corporate allies to hide behind “national defense” arguments.

## **Reclaim America through a “Shadow State”**

Leaders of both parties argue that in the Dubai deal Bush has taken things too far. Yet, the Democratic Party, which has largely endorsed transnational economics and Bush’s war program, does little to stop the parasitical drain.

The such alternative to the status quo is obvious, requiring a pull out from Iraq, reinvestment in infrastructure, education and alternative energy, and a program to rebuild

basic manufacturing capacity on a sustainable basis. Yet, if we are honest that the White House, Congress and the leading parties, have been largely taken over by corporate elites, we need to think big to come up with an alternative.

One alternative is to build on the fragmentation caused by fiscal shortages and decline that have created panic among cities and some state governments that can not cover mounting deficits. The devastation caused by the war and outsourcing create other allies. The growing pressure on the regional state and those alienated by the Bush program calls for the development of a new, “networked” state that brings these fragments together. This alternative state could not only be equipped with a “shadow government” (with alternatives to corporate spokespersons as Ralph Nader has advocated), but would itself constitute a “shadow state.” The “shadow state” should organize its own public forums that would follow candidates from both parties and challenge their continuing arbitrage game, selling out the government to parasitic corporate interests. A series of Congressional hearings could be held from coast to coast to document the costs of militarism and the parasitic decline in basic infrastructure and social needs. Pieces of an alternative state can be seen in various local government initiatives, chronicled for example by Gar Alperovitz in his latest book, *America Beyond Capitalism*.

Such an alternative state should be developed based on cooperation with friendly European governments, allies among progressive forces in Latin America and elsewhere. The demonization of Germany and France for opposition to the Iraq War and threats to Venezuela’s leadership all are related to this potential. Yet, there is a logic to this alternative. The network state could, for example, enter into R&D alliances with the European Union, create bilateral procurement initiatives to support alternative energy systems and transportation vehicles, and use such economic and technical exchanges to open up a new political front against the elites that have taken over the national state apparatus. Ultimately, strategic alliances can be built through exchanges among local governments, socially responsible corporations, trade unions, universities, and other actors alienated by the increasingly dangerous status quo.

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