

POWER AND PRIVILEGE IN THE AMERICAN EXPERIENCE: HAS A NEW WORLD ORDER TAKEN CHARGE?

PART I

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One of the great written histories of the modern era was provided to us by Professor Carroll Quigley in his controversial work, *Tragedy and Hope, A History of The World in Our Time*, published in 1966. His objective, he explained, was to provide “an interpretation of the present as well as the immediate past and the near future, which is free from the accepted clichés, slogans, and self-justifications which mar so much of ‘contemporary history’.” He accomplished this and much more. He confirmed the suspicions of many thoughtful people that the *invisible hand* described by Adam Smith had been and continued to be subverted by a level of societal and global control few seriously considered possible. Class interest and self-interest had been mobilized into very powerful economic, financial and political forces:

“We could indicate this by pointing out that capitalism, because it seeks profits as its primary goal, is never primarily seeking to achieve prosperity, high production, high consumption, political power, patriotic improvement, or moral uplift. Any of these may be achieved under capitalism, and any (or all) of them may be sacrificed and lost under capitalism, depending on this relationship to the primary goal of capitalist activity – the pursuit of profits.”

The pursuit of profit is, like the modern discipline of economics, free of any concern for moral principles or ethical behavior. These concerns may exist but only insofar as individuals are directed by their own moral compass. In the United States, owners and managers of businesses expend an enormous amount of individual and organizational resources on ways to reduce the obligation to contribute to public revenue as well as avoid compliance with all manner of regulations and restrictions on their activities.

Less insightful, Professor Quigley joins almost all other historians and writers in the use of the term *capitalism* to describe a system that failed to fully develop. Dramatic increases in the production of wealth occurred because of the inventiveness of people working to solve practical problems and to shift the burden of wealth production to labor-saving devices (i.e., to capital goods). His discussion of the conditions in the industrializing societies of Western Civilization ignores the fundamental issue of who controlled the land and natural resources from which all material wealth comes. Rather, he simply explains to the reader that the introduction of industrial methods to agriculture resulted in a massive out-migration of people following a “demographic explosion” that also greatly expanded the number of military-age young men. “The result,” Quigley concluded, “was to create the greatest social problem of the twentieth-century world.” That social problem was twofold: what to do with surplus people and how to prevent wars now that leaders could put huge standing armies in the field.

What also escapes the attention of Carroll Quigley is the changing role of the *rentier* elite who dominated every society by the nineteenth century, even those societies to which the surplus people of Europe had migrated to in a quest for access to the land denied to them at home, or employment where labor was relatively scarce. The system of agrarian landlordism had evolved, to be sure, but landlordism remained at the heart of socio-political arrangements and institutions. Only the small group of political malcontents surrounding the political economist and journalist Henry George recognized the continuing presence and central importance of *the land question*. Added to the system of law that sanctioned and protected the monopolization of nature came laws eventually achieving the same outcome where other forms of property, including paper assets, were concerned. This did not occur right away, however, because there continued to be places around the globe where land remained relatively inexpensive. These were locations where businesses could be profitably established and where people could afford to acquire a residential property or family-owned farm.

We learn from Carroll Quigley that within this environment there were many forces pulling the peoples of the world toward an interdependent but fragile global system. Political and economic elites maneuvered against and with one another to direct the future. Others sought to challenge the course of history by means both peaceful and violent, by organized protest, by public relations campaigns and by riot. As all of these forces converged during the first decade of the twentieth century, the First World War erupted to bring down much of the Old Order. However, this outcome was understood by only a minority of surviving leaders:

“The war brought nothing really new into the world; rather it sped up processes of change which had been going on for a considerable period and would have continued anyway. ...Also, the changes were much greater in objective facts and in the organization of society than they were in men’s ideas of these facts or organization.”

There was no going back. The process of societal integration had been disrupted at great cost, but now a *New World Order* emerged out of meetings held to settle the issues of “reparations, economic reconstruction, and acute political problems.” And, it is here, during this period, that the fuel was provided to those who interpreted the outcome as a conspiracy of the powerful to achieve even greater control over political and economic institutions:

“At all of these meetings, as at the Peace Conference itself, the political leaders were assisted by groups of experts and interested persons, sometimes self-appointed. Many of these ‘experts’ were members or associates of the international-banking fraternity.”

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History reveals that wars are rarely paid for by the direct taxation of those who have the most to gain or lose in the conflict. Governments issue bonds at interest, sold to those who have the financial reserves to lend. When this proves insufficient, as is consistently the case, paper currency is issued and declared legal tender that must be accepted in payment for goods and services. Specie is hoarded and removed from circulation, and the paper currency is eventually discounted almost beyond any usefulness. The most vulnerable are those who own no land or other material assets, who must rely only on the demand for their labor to earn any sort of income. Thus, in the wake of the damage caused during the First World War, we should not be surprised by efforts to re-establish monetary arrangements based on the value of gold. No less a figure than John Maynard Keynes warned of the consequences that would otherwise result:

“There is no subtler, no surer, means of overturning the existing bases of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction and does it in a manner not one man in a million is able to diagnose.”

Was Keynes being disingenuous here, or did he simply not fully appreciate the extent to which the currency had already been debauched by the laws that permitted banks to issue paper currency not fully redeemable in specie. As a later critic of the modern monetary system wrote:

“Modern governments ... have become more astute, more subtle, more sophisticated, and, unfortunately, more efficient in their monetary malpractices. ... [T]he ever increasing debts and welfare activities of modern governments seem to have induced an almost continuous devaluation or outright repudiation.”

Much of the subtlety and sophistication is rightly credited to the efforts by Keynes, Harry Dexter White and other economists of the era to bring the currencies of all major trading nations under the control of a new International Monetary Fund. At the end of the Second World War, the United States held huge quantities of gold in reserve, and bank notes issued by the Federal Reserve System served as the currency of international commerce. However, Keynes had in mind that in the not too distant future just one currency would circulate, a currency issued by a new world bank.

A Second World War ostensibly fought – by the United States and its allies -- to defend individual liberty had the actual outcome of greatly accelerating the expansion of government’s jurisdiction over matters involving individuals and their private interests. The new threat to Western Civilization served to cement the gains achieved by the State during the war. As Joseph Stalin’s armies established control over the territory and people who survived the genocide of retreating Germans, the opportunity for any sort of peace dividend quickly disappeared. New forces of irrationality” (to borrow the term Carroll Quigley used

to describe Fascism) arose to challenge a renewed advance of Western Civilization.

At the same time, scientific and technological advances had suddenly created a situation where direct, intense confrontation became a dangerous game with mutual total destruction the inevitable consequence. Russian scientists, greatly assisted by scientific and technological information passed on by communist sympathizers and others who believed in the free sharing of the fruits of scientific investigation, provided the means for an arms race that siphoned off natural resources and capital goods needed for the development of physical and social infrastructure. Another outcome was the shift from “temporarily drafted citizen-soldiers” to “the use of highly trained, professional, mercenary fighting men.” What this change in the structure of the military would yield, Carroll Quigley argued, was a new and far less rational hierarchical societal structure:

“[I]t is increasingly clear that ... the expert will replace the industrial tycoon in control of the economic system even as he will replace the democratic voter in control of the political system. This is because planning will inevitably replace laissez faire in the relationships between the two systems. This planning may not be single or unified, but it will be planning, in which the main framework and operational forces of the system will be established and limited by the experts on the governmental side; then the experts within the big units on the economic side will do their planning within these established institutions.”

Thus, within a very chaotic and rapidly changing economic and political climate, the fundamental conflict was far less ideological than one between those who fought against the expanding role of the State and those who accepted this expanding role as both inevitable and necessary. For the citizens of the United States entering the post-Second World War era, the challenge seemed to be to find a way to embrace the middle ground between individualism and social democracy. Former editor of the *Washington Post*, Felix Morley put it this way in 1949:

“We pay a great deal to government to provide what F.D.R. called freedom from fear and freedom from want. In so doing, we find our capacity to make personal contributions curtailed, even with the generous tax exemption for educational and charitable gifts. Individual freedom *for* is limited by collective freedom *from*. And the widespread belief that this is as it should be marks a very pronounced shift in American political thought.”

At the time, then, only a small minority activity championed a return to what they viewed was the proper (cont’d on pg. 12)

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laissez faire relationship between the individual and government. Some, such as the individualist intellectual Frank Chodorov, understood that the ancient *land question* had never been resolved. Yet, Chodorov also expressed a deep concern that all that is good was in jeopardy of being lost under the heavy hand of a potent State:

“The only ‘constructive’ idea that I can in all conscience advance ... is that the individual put his trust in himself, not in power; that he seek to better his understanding and lift his values to a higher and still higher level; that he assume responsibility for his behavior and not transfer his personality to committees, organizations or, above all, to a super-personal State. Such reforms as are necessary will come of themselves when, or if, men act as intelligent and responsible human beings. There cannot be a ‘good’ society until there are ‘good’ people.”

Understanding why we behave as we do is an ongoing challenge for behavioral psychologists, sociologists and the planning community. Privilege does not always result in personal success. Poverty does not always result in personal failure. There is no way to predict who will be a *good* person or a person who exhibits a total absence of a moral sense of right and wrong. Which is the more powerful influence – *nature* or *nurture*? We still do not have a definitive answer.

Many in the United States looked back nostalgically to find their *good society*. They believed this was only possible by once again withdrawing from the global stage. Unfortunately, Stalin’s aggressive stance and the expansion of state-socialism into an increasing number of newly-independent, former colonies of the European states made this a practical impossibility. To be sure, astute analysts in the West fully recognized the systemic problems faced by the people living under Stalin’s thumb. Central planning certainly allocated scarce resources, but without the price signals delivered by competitive markets. Time would reveal even more serious weaknesses characteristic of state-socialism.

Despite a huge land mass with extensive natural resources, the Soviet system had great difficulty maintaining its military strength and also providing basic goods and services to its citizens. In all likelihood, the more optimistic analysts concluded, the period of global instability would last but a few decades, until the Soviet regime self-destructed. The gamble was that a war between the West and the Soviet bloc could be avoided and a state of *détente* reached. In the meantime, there was a good deal of work to do before the people in the Western nations could be maneuvered to relinquish national sovereignty to some sort of world government. A new system of international law had to be introduced to replace the system that “had regarded the state as the embodiment of sovereignty, an organization of political power on a territorial basis.” Many of the newly-established countries were nations in name only, divided internally on the basis of ancient tribal rivalries, ethnic or religious intolerance.

Conditions had also changed dramatically within the United States as a result of the mobilization for the Second World War. Carroll Quigley concluded that the very character of society in the United States had irreversibly been changed by a combination of factors:

“The sincere effort, by aristocrats and democrats alike, to make the social ladder in America a ladder of opportunity rather than a ladder of privilege has opened the way to a surge of petty-bourgeois recruits over the faltering bodies of the disintegrating middle.

“The petty bourgeois are rising in American society along the channels established in the great American hierarchies of business, the armed forces, academic life, the professions, finance, and politics. They are doing this not because they have imagination, broad vision, judgment, moderation, versatility, or group loyalties but because they have neurotic drives of personal ambition and competitiveness, great insecurities and resentments, narrow specializations, and fanatical application to the task before each of them.”

This did not mean that the old aristocracy was relinquishing power and privilege. Their world had been changing for some time, and a leadership cadre had been working for over a century to undermine the operation and fundamental principles of social democracy while leaving institutions essentially intact. To those who were paying close attention, the subtle changes in societal norms and values seemed to be deliberately orchestrated, and they did their best to *follow the money* to the sources of influence. Some combination of shared interest and coordinated activism was employed to deepen the concentration of power and privilege already enjoyed. After examining the literature on the subject, Professor Lance deHaven-Smith expresses his dismay that so few historians or other members of academia have bothered to undertake serious investigations into what he describes as “State Crime against Democracy.” In his opinion:

“Many ... political crimes in which involvement by high officials is reasonably suspected have gone uninvestigated or have been investigated only superficially. ...The nature of the subject matter is such that official inquiries, if they are conducted at all, are usually compromised by conflicts of interest.”

One result is that such investigations have been left to individuals whose own objectivity is subject to question because of their ideological bias or a failure to support their assertions with verifiable evidence. A good example is the examination of the origins and operation of the world’s monetary system by G. Edward Griffin. The research by Griffin is exhaustive and supported by an extensive bibliography of sources, but has been criticized by the few mainstream academics who have taken the time to review the book. His is a detailed story of secret (continued on pg. 13)

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meetings and intrigues going back to the nineteenth century and the dream of an Anglo-imperial union held by Cecil Rhodes.

A subject of investigation for historians is to shed light on the extent to which the politics and economics of the modern era are dominated by those who have shared the vision and objectives that motivated Cecil Rhodes. Some of the details we know.

With funds initially provided by Rhodes before his death in 1902 and afterward by the Rhodes Trust, former British secretary of state, Lord Milner, established a network of Round Table Groups in the British Dominions and in the United States. Although Milner embraced the principles of democratic socialism, his deeper passion was for unification of all British dominions. Yet, the time had long past when the citizens of Canada, South Africa, Australia or New Zealand moved in lock-step with their English cousins. Proposals for unification were rejected by each Commonwealth member during the 1920s and finally put to rest in 1926 with the Balfour Declaration, which established autonomy to the dominions over matters of both domestic and foreign policy. A new strategy was then needed, one that would rely upon the growing global presence of the United States.

After the First World War ended, Isaiah Bowman, trained as a geographer and assigned the task of helping to establish borders for the New Europe, became one of the founding members of the Council on Foreign Relations. Established in New York City during the war, the CFR was chaired by Elihu Root, a Wall Street lawyer and former Secretary of State and Secretary of War. The membership was dominated by other lawyers, banking executives and other corporate officers. Elihu Root was a prominent Republican. The CFR's President, John W. Davis, was Woodrow Wilson's ambassador to Great Britain. They were also joined by the economic historian Edwin F. Gay, the first dean of the Harvard Business School and, after the war, editor of the *New York Evening Post*. What brought Isaiah Bowman into this group was a state of the world he and others believed was on a very destructive path. In 1921, he explained:

"The world is not new in the sense that war has ceased, that all political and social problems will be promptly settled, that present international boundaries and economic arrangements will forever remain unchanged. The qualities of selfish ambition and envy are deep-seated; they will pass away only when human life itself is extinguished. So long as they exist there will be war, with its revolutionary effects upon political, social, and economic life."

These negative forces associated with human beings had to be countered by coordinated, transnational effort. The CFR was at the very least a small step in the right direction. The new reality that had to be faced by Americans, was conveyed by Edwin Gay in a 1932 Foreign Affairs article:

"A time must come when the United States as a powerful world state and a great creditor nation, hence vitally interested in world trade and world prosperity, will face

the realities of its new position. It will realize that a policy of self-sufficiency is not only impossible, but that a policy which presupposes it to be possible is stultifying and impoverishing. ...The World War affirmed the international political responsibilities of the United States; the World Depression demonstrates the economic interdependence of the United States with other states. It cannot be a hermit nation."

To author G. Edward Griffin, establishment of the CFR set the stage for a combined concentration of control over the nation's political and economic institutions and a narrowing of ideology in favor of world government. In order to support his conclusion all he had to do was repeat the public statement made in 1939 by CFR member John Foster Dulles:

"Some dilution or leveling off of the sovereignty system as it prevails in the world today must take place ... to the immediate disadvantage of those nations which now possess the preponderance of power. ...The establishment of a common money ... would deprive our government of exclusive control over a national money. ...The United States must be prepared to make sacrifices in setting up a world politico-economic order which would level off inequalities of economic opportunity with respect to nations."

His words aside, John Foster Dulles was a lifelong defender of the American System of property law and taxation that critics identified as the cause of generational poverty and an economy prone to periods of speculation-driven boom followed by prolonged recessions.

It was also during the 1930s that John Foster Dulles became friends with Hjalmar Schacht, president of Germany's Reichsbank and minister of economics. His law firm, Sullivan & Cromwell, floated bonds issued by German arms manufacturers. However, as the activities of the Nazi regime became clear, his brother Allen saw to it that the Sullivan & Cromwell office was closed. Allen Dulles had been a CFR director since 1927. During the Second World War, he headed the American intelligence operation in Switzerland, allowing him to keep in contact with many of the financial and business leaders continuing to do business with Nazi Germany. Eisenhower would later appoint him to head the Central Intelligence Agency. A long list of covert interferences in the affairs of other nations followed.

In 1933, John Foster Dulles had chaired a CFR discussion group debating the desirability of working toward national self-sufficiency. Many high level officials and executives participated, as well as the journalist Walter Lippmann, who later summarized in *Foreign Affairs* what he learned by the experience: (continued on page 14)

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“From fear of military and economic aggression men pass gradually to a general sense that the more they are entangled in an international economy the less they are masters of their fate.

“The essence of the argument is that the decisions of markets as expressed in rising and falling prices are better regulators of human energy than any centralized planning authority could be.

“It seems to me reasonably clear that in the United States the movement toward a closed and controlled economy derives its main impetus not from a new social gospel but from the necessity of overcoming the consequences of agrarian and industrial dislocation. There has been no mass conversion from individualism to collectivism.”

(Part II will be published in the next issue of GroundSwell.

GroundSwell does not have room for references, but they are available from Ed Dodson at edod08034@comcast.net)

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